

**EFFECTS OF REWARD SYSTEMS ON EMPLOYEE WORK ATTITUDES IN THE
ENERGY SECTOR IN KENYA**

**BY
SIRAI K. NATHAN**

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DECLARATION

I declare that this dissertation is my original work and has not been previously published or submitted elsewhere for award of a degree. I also declare that this contains no material written or published by other people except where due reference is made and author duly acknowledged.

Name: **SIRAI K. NATHAN**

Reg.No: **16/09240**

Signature.....

Date.....

This dissertation has been submitted for examination with my approval as University Supervisor

Signature.....

Date.....

Name: Dr. Rose Gathii

Project Supervisor

ABSTRACT

The business environment today being very competitive, a good compensation system for any organization is essential as it directly impact the performance of its employees. Compensation is assumed to be a physical need which in turn affects the employees' motivation as well as the attitude they have toward the job they as well as the overall image of the organization. Since compensation is basic and at the bottom of the Maslow's hierarchy of needs, without it achieving self-esteem for any employee is a far out of sight and self-actualization is beyond the horizon. reward affects the job performance and it also affects the relationship between the employee and the employer as well their perception towards the growth of the organization as well individual growth. The energy sector has thousands of employees, since the sector is crucial in moving the nation towards vision 2030 goals, a good reward system is crucial to ensure satisfaction of the employees as key stakeholders' in the sector. How these employees behave towards their jobs and their perception towards a particular organization are dependent on the rewards they receive. Thus, the study aimed to identify the relationship between reward systems and employees' attitudes in the energy sector in Kenya. Specifically, the study examined: recognition rewards, monetary rewards, skill-based pay and empowerment rewards and their influence on employee work attitudes. The theories underpinning the study include: The Equity theory, Expectancy Theory, Agency Theory, and the Social Exchange Theory. The target population comprised of 2090 staff from electricity sub sector in Kenya comprising of: Nuclear Power and Energy Agency, Kenya Electricity Transmission Company, the Rural Electrification and Renewable Energy Corporation, Geothermal Development Company, and the Energy and Petroleum Regulatory Authority. A sample size of 336 was drawn comprising of respondents in strata of top management, middle management, and junior employees however, on 281 questionnaires were returned giving a response rate of 83.6%. The study used both descriptive and inferential statistics. Diagnostic tests were done to ascertain violation of critical assumptions. Multiple Regression was done to determine how rewards systems relate to employee's attitude in the energy sector. The study found that all the independent variables i.e. recognition rewards, skill based pay, monetary rewards, and empowerment rewards significantly influenced employee work attitudes in the energy sector in Kenya. Rewards system was found to explain 55% variation of employee work attitudes. The study recommends for an elaborate rewards system to be done by organizations to ensure employees feel motivated, committed, and achieve with job satisfaction. Similar studies should also be done in other organizations to ascertain the remaining variation in employee work attitudes.

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ACRONYMS AND ABBREVIATIONS

EPRA	Energy and Petroleum Regulatory Authority
GDC	Geothermal Development Company
HPWS	High Performance Work System
HR	Human Resources
HRM	Human Resources Management
IPPs	Independent Power Producers
KenGen	Kenya Electricity Generating Company
KETRACO	Kenya Electricity Transmission Company
KPLC	Kenya Power and Lighting Company
KRA	Kenya Revenue Authority
MoEP	Ministry of Energy and Petroleum
NHIF	National Hospital Insurance Fund
NSSF	National Social Security Fund
NUPEA	Nuclear Power and Energy Agency
REREC	Rural Electrification and Renewable Energy Corporation
SET	Social Exchange Theory

DEFINITION OF TERMS

Compensation

An extrinsic reward that includes both monetary and non-monetary which are given by an employer for the efforts, time, as well as the skills availed by an individual employee in fulfillment of certain job requirements that work at attaining the objectives of a given organization. (Swanepoel, Erasmus, Schenk, & Tshilongamulenzhe, 2014)

Employee Benefits

These are referred to as fringe benefits. They include monetary rewards that are not form of direct pay like as health care fund contributions; and non-monetary rewards like consultancy services, wellness programs and unpaid leave (Shields, & North-Samardzic, 2015).

Employee Satisfaction

Feeling of fulfillment due to positive appraisal of performance and experiences of an employee (Al-Refaie, A. 2015).

Extrinsic Rewards

Rewards that are tangible and externally related to work done presented to employees in an organization by the management. They include pay rise, bonuses, promotions and other benefits. They bring bout extrinsic motivation where employees tend to focus on performance outcomes

(Ndungu, 2017).

Human Resource Management

A functional business field that aims at maximization of productivity of an employee through process and policies implementation in relation to the strategic objectives of an employer (Alfes et al., 2013).

Incentives

A positive motivational influence given to a person by management as a measure to improve on employee performance. They can be classified as financial incentive and non-financial incentives (Al-Belushi & Khan, 2017).

Intrinsic Rewards

Verbal rewards such as praise and positive feedback that leads to job satisfaction. Intrinsically motivated employees eagerly participate for internal reasons i.e. pure enjoyment and satisfaction (Ndungu, 2017).

Job evaluation

A process that is systematic aimed at determining and establishing the worthiness and the relationship of the job worth and salary (Masanja, 2019).

Non-financial incentives

The non-monetary compensation or benefits that are aimed at motivating an employee to enhance their performance to meet the organization's goals. They are classified into

tangible and social incentives as well as job related incentives (Khan, Tarif, & Zubair, 2016).

Work attitude

A conviction or predisposition that causes a person to behave in a given way at the workplace as a result of personal experience and their personality (Susanty, Miradipta & Jie, 2013).

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

In this contemporary business world, for a company to have aggressive facet amidst her competition, there should be in place an impressive rewards method to pull and, motivate people to sign up for the organization. This must lessen the turnover cause from the personnel. The need for corporations to increase a programme with a purpose to facilitate an overall performance-enhancing system leading to the quality control and improvement of employees and accordingly grow their aggressive benefit has ensured the hyperlinks among human resource management (HRM) and organizational overall performance, an important aspect issue the human resource control in entire area of human resources practices (Aydemir & Arli, 2018). Those practices vary from Staffing, performance appraisals, education and development, manpower making plans, employees control participation and rewards control.

According to Adeoye and Fields (2014), rewards management is among the functional functions of HRM and it deals with rewards individuals receive against performing an assigned task in the organization. In the 21st century rewards have been known to be a major cost factor of doing business for organizations. Rewards management is a major determinant and mechanism for job applicants as well as personnel groups. Organizations have been endorsed to implement their strategies, which in flip cozy aggressive advantage in opposition to different foremost competing businesses. Additionally, an incredible number of resources is invested on organizing, designing and even handling the control of rewards in the organization. Notwithstanding the outstanding role to the achievement and firm development, practitioners and scholars have complained that there's

a gradual change in the development of research on rewards inside the shape of stagflation and limited representation (Adeoye & Fields, 2014). Nowadays, the layout, transport and use of rewards management have gone through predominant shifts with striking effect, and this has led to the motivation within the worker overall performance which always affect the performance of organization (Messersmit, Lepak, Patel, & Gould-Williams, 2011)

The problem of rewards management is a component, that affects the selection of task candidates and workers inside the organization. It has encouraged enterprises to put in place Company's style that supports the aggressiveness gained over their fundamental competition in the Enterprise (Mabaso & Dlamini, 2017). Furthermore, plenty of financial assets are invested in crafting, organizing in addition to administering organizational remuneration arrangement. In regard to the function of rewards in organizational overall performance, research by Khan et al., (2011) on 450 personnel of Habib bank in Pakistan proved that rewards management is done to encourage, preserve and routinely aspire to decorate the overall effectiveness as well as the performance of the enterprise. In addition, Idemobi, Akpunonu and Onyeizugbe (2011) regard rewards management as a genuine tool for enhancing and accomplishing organizational overall performance.

Reward schemes provide a mechanism for employees to achieving their dream. Reward schemes are meant to pull and attract new individuals to an organization and also elicit for good performance and maintaining of commitment. Rewards can be given in various forms like stock options, recognition programs and profit sharing. Any organization needs a reward system that addresses rewards, recognition, appreciation and benefits. However, the reward system should aim at rewarding two employee's activities which include behavior and performance (Ndungu, 2017). For the achievement of desired goals and objectives in an organization, employees are the key

resources. The attitudes of the employees demonstrated are dependent on the job satisfaction. Thus, a direct relationship exists between high job satisfaction and the productivity of the organization and at the same time a direct influence on the organization performance. That is to say the higher the job satisfaction on employees, the higher the productivity and hence the better the performance (Millan & Aguado, 2013).

Two kinds of rewards exist namely extrinsic and intrinsic. Extrinsic rewards are those that are tangible given by management e.g. promotion, benefits, pay rises, and bonuses extrinsic are external related to work and it's only the management that has the ability the size and amount to be granted. Extrinsic rewards bring about separable motivation where employees focus on performance outcomes. Extrinsic rewards motivate employees base on the avoiding punishment and following a directive on what should be done and this leads to a difficulty in coping with failure. There is less value, interest and efforts towards achievement (Ndungu, 2017). Intrinsic rewards relate to verbal rewards including praise and positive feedback and this leads to job satisfaction. From satisfaction and enjoyment, employees motivated intrinsically are eager to participate in their jobs. Intrinsic motivation improves confidence as behaviors brought by them are better task, less distraction, and a less stressful.

Rewards is also a major determinant of attraction and retention of employees in an organization. For any organization to retain and attract and still continue to be profitable there is a need of having an innovative reward system that will ensure satisfaction of its employees. Good rewards system also encourages employees' loyalty and commitment (Adeoye & Fields, 2014). One important aspect in managing an organization is the rewards management. As a process, employees are remunerated for the efforts they give in their areas of work (Khan & Aleem, 2014). Monetary rewards are commonly known as rewards are concerned with monetary terms that

encompass financial incentives and financial rewards. Financial rewards provide the financial recognition to individuals for achievements, attaining or exceeding their performance targets or attaining certain skill or competence level. Financial incentives aim at motivating people in achieving their objectives, improve their performance or enhance their competence or skills by focusing on specific targets and priorities (Armstrong, 2012). Non-financial rewards do not involve money directly. These include achievement, autonomy, recognition, the scope to use for work. Others include development of skills, training and career development opportunities (Armstrong, 2012). These rewards are not that costly to boost the morale of the employees (Danish & Usman, 2010).

1.1.1. Reward Systems

In a study by Hussein et al (2019) on the impact of employees' recognition, rewards and job stress on job performance in call centers in Lahore, Pakistan, found that rewards and recognition positively influenced employee performance, while job stress negatively affected performance.

Pakistan being a developing country, many people have a low income employ rewards and recognition are not taken to be important in many organizations. Thus, organizations can motivate their employees through rewards for the hard work and recognizing them for their efforts in order to reduce job stress issues and improve their performance. In Malaysia a study done by Hanaysha (2016) on the effects of empowerment, teamwork, and employee training on the organizational commitment in higher education found that empowerment and employee training significantly affected the organizational commitment. Thus, the management ought to improve organizational commitment to their employees through teamwork, trainings, and empowerment. In Jordan, the focus of employee as a core of the human capital management of the organization improves empowerment. Information sharing, transformational leadership, job design and authority to make

decisions was found to positively influence the empowerment of employee in a study by Dahou and Hacini (2018) on successful employee empowerment in Jordan context.

In Ghana, a study by Amoatema and Kyeremeh (2016) on making employee recognition as a tool to improve performance in Ghanaian Universities recommended the commitment of resources in designing and implementing of employee recognition programs in order to yield good results. The management of Ghanaian universities have expunged the belief that motivated employees are those who receive financial rewards as of high salaries and other related benefits. Employee recognition in Ghanaian universities takes place during graduation ceremonies to make the achievement and contribution of a given employee known to the general public. The management earmarks employee recognition and has a meaningful budget allocated for that. Anku-Tsedee and Kutin opine that, African worker are more interested in financial rewards and are less affected by the absence of non-financial rewards.

In Tanzania, a study done by Muze (2014) on Vodacom Tanzania opine that, employees feel motivated with issues such as recognition, salary, work conditions, company policy and achievement. It is easy for an employee to be retained in an organization once they are recognized. Employee empowerment and recognition are essential part in ensuring employee are motivated towards the organizational tasks. Appreciating employees for the work that they do and engage them in decision making brings satisfaction to their job (Muze, 2014).

In Wajir county, a study done by Keynan (2017) on the effect of compensation management practices on employee performance found that incentives and direct compensation significantly influenced employee performance in Wajir county. However, indirect compensation did not significantly affect performance and thus, paid leave, staff housing, retirement plans, medical covers, and hardship allowance did not affect the performance of employee in Wajir

county (Keynan, 2017). In a study done by Mwangi (2014) on Chloride Exide group of companies on the effect of compensation on employee motivation found that most employees in the company were not conversant with the reward plan used by the company. Further, team work, team reward, and pay performance system highly affected the motivation of the employees. In conclusion, employees at Chloride Exide group of companies lack important information on how employee reward and there was no proper plan for rewarding them (Mwangi, 2014).

In a study on the effects of reward systems on competitiveness of in Public Universities in Western Kenya region, Chimwene, Wanjere and Otuya (2019) found that the reward system affected the competitiveness of universities in western Kenya region. The study found that the rewards given to the employees in the universities were based on their performances and that motivated them since the organization had a proper reward system in place as it allows the employees to define their pay leading to employee effectiveness (Chimwene, Wanjere, & Otuya, 2019). As for a study on Kenya Revenue Authority (KRA) by Kabura (2009) on the relationship between rewards systems and employees' performance despite KRA having a reward system meant to improve the performance of its employees, the employees lacked professionalism in their work, were corrupt and lazy. The results indicated that payment, promotion, benefits, recognition, working conditions and leadership are related to work motivation and employee satisfaction. However, the study revealed that employees were more satisfied on motivation and other dimensions of work satisfaction than rewards (Kabura, 2009).

1.1.2. Employee Work Attitudes

Susanty, Miradipta and Jie (2013) define work attitude as a conviction or predisposition that cause an individual to behave in a certain way at the workplace as a result of personal experience and their personality. The behavior of individuals in a workplace is based on how an employee feels

about the job thus understanding the work attitude of an employee is solely determined by individual's behavior at workplace (Inuwa, Mashi, & Salisu, 2017). Messersmit, Lepak, Patel, and Gould-Williams (2011) mention job satisfaction, affective commitment, and employee empowerment as employee attitude that influence the performance of an individual employee as well as their behavior in an organization. These three attitudes have a relationship with high performance work system (HPWS), where the HPWS are a group of separate but interconnected human resource (HR) practices that a well designed for the enhancement of skills and efforts of employees (Takeuchi, Lepak, Wang, & Takeuchi, 2007). These include issues related to recruitment and selection, incentive-based reward plans and pay for performance, performance appraisals, trainings, and information sharing (Takeuchi, Chen, & Lepak., 2009).

Employee performance is vital for the growth of any organization. The reward policies of an organization determine the rate of performance of employees. As an important human resource practices, reward policies affect the employee performance with monetary rewards directly affecting the performance while non-monetary rewards known to increase the motivational levels of employees and thus affecting their performance which also in turn increases productivity of the organization. Non-monetary rewards that effective can change the attitude of an employee in the work place which also leads to positive changes in the work environment and this enhances the employee performance. A positive attitude of employees towards their job increases their commitment and engagement with the organization and this results to an effective output. Intrinsic rewards have been known to increase commitment of employees, job satisfaction levels, and their motivation. Employees that feel motivated, satisfied and committed to the organization are unlikely to leave their jobs (Bari, Arif, & Shoaib, 2013).

For any organization to achieve its desired goals and objectives, employees are the key resources. The attitudes of the employees demonstrated are dependent on the job satisfaction. Thus, there is a direct relationship between high job satisfaction and the productivity of the organization and at the same time a direct influence on the organization performance. That is to say the higher the job satisfaction on employees, the higher the productivity and hence the better the performance (Millan & Aguado, 2013). Pay is considered to be a fundamental determinant of job satisfaction as well as a major component. Specifically, monetary rewards play a major role in determination of job satisfaction. The high living cost compel employees to seek higher income as a guarantee to a good future and satisfaction in life. If employees are not well compensated there will always be emotional dissatisfaction that develops which will gradually pile up over time and eventually leads to them being unhappiness and unsatisfied working for a given organization hence low productivity (Qasim, Cheema, & Syed, 2012).

1.1.3. Energy sector in Kenya

The Ministry of Energy and Petroleum Kenya comes up with policies for creating an enabling environment to ensure efficient operation and growth of the energy sector. The strategic direction for the growth of the sector through provision of long-term vision for all the sector players is set by the ministry. Access to quality, safe, reliable, and competitively sustainable energy is important for achievement of the Kenya Vision 2030. The structure for the institution in the electricity sub sector in Kenya comprises of: The Ministry of Energy and Petroleum (MoEP), Energy Regulatory Commission (ERC), Kenya Power and Lighting Company (KPLC), Kenya Electricity Transmission Company (KETRACO), Kenya Electricity Generating Company (KenGen), Kenya Nuclear Power and Energy Agency (NuPEA), Geothermal Development Company (GDC), the

Rural Electrification and Renewable Energy Corporation (REREC), Independent Power Producers (IPPs), and the Energy Tribunal.

ERC was established under the Energy Act, 2006 with the objectives of regulating the electrical energy, renewable energy and other forms of energy, and petroleum and related products. KenGen is the leading electric power generation company in Kenya, producing about 75% of electricity capacity from sources like hydro, geothermal, thermal and wind. KPLC is tasked to plan for electricity generation and transmission capacity; building and maintaining the power distribution and transmission network; and retailing of electricity to its customers. REREC was established under Section 66 of the Energy Act, 2006 as a corporate body for the acceleration of the rural electrification pace in the country, however this function was a mandate previously assigned to the Ministry of Energy.

KETRACO was incorporated on 2nd December 2008 and registered under the Companies Act, Cap 486 pursuant to Sessional Paper No. 4 of 2004 on Energy. It is 100% owned by the Government aimed at developing of new high voltage electricity transmission infrastructure to form the backbone of the National Transmission Grid, as part of Kenya Vision 2030. The core business includes: planning, designing, building and maintaining of electricity transmission lines together with the associated substations. GDC is also fully government-owned company in Kenya's energy sector formed in 2008 as a Special Purpose Vehicle (SPV) meant to accelerate the development of geothermal resources in Kenya. Its tasks include development of steam fields, and selling geothermal steam for electricity generation to KenGen and to private investors. NuPEA as a state corporation was established under the State Corporations Act (Cap 446) to realize Kenya's Vision 2030 through fast-tracking of the nuclear power developments in order to enhance the production of electricity that affordable and reliable electricity. The Energy Tribunal in Kenya

established by the Energy Act No 12 of 2006 to hear and determine appeals brought against the decisions of the ERC. (USAID Kenya's power sector report 2015-2020)

1.2. Statement of the Problem

According to Khalid, Salim, and Loke (2011), the relationship between rewards, motivation and job satisfaction of employees is strategically important for the success of an organization as well as a source of competitive advantage as it helps in creation of competence levels in the organizations. The energy industry, employees are required to work 24/7, unattractive working condition, risky conditions, long working hours, over workloads, as well as development opportunities sometimes contribute to job dissatisfaction leading to poor performance and even high-level turnover in the industry. It's notable that a well and motivating pay bundle, a conducive working environment as well as even opportunities among employees will result to a good and likable job attitude capable of determining and enhancing the performance of employees in the organization (Inuwa, Mashi, & Salisu, 2017).

Loyal employees are very productive and a good source of development whereas the vice versa is true. Employee turnover is a major challenge as organizations poach for the best and most qualified. Absenteeism and turnover are much affected by job satisfaction. Interpersonal conflicts, emotional abilities, workload, empathy, and self-esteem are some of the factors that affect the employee job satisfaction in relation to the rewards they receive (Aydemir & Arli, 2018). National Security Fund (NSSF), National Hospital Insurance Fund (NHIF), Kenya Airways, KPLC are some state corporations that have been on newspapers and other media for performing poorly and others to the extent of making loses and denying quality services to customers yet, the employees in these corporations are known to be well compensated. These state corporations still use

traditional pay systems to remunerate their employees which do not motivate them in achieving their organizational goals (Gachuru & Kwasira, 2016). ERC has been experiencing high levels of absenteeism, lack of efficiency, increased losses, corruption cases, theft and misuse of funds, negative feedback from internal and external customers and even increased turnover which has affected its productivity. Though the employees in the energy sectors are known to be well compensated, there is a mismatch between their inputs to the outputs. How they are rewarded for their effects affects their attitudes towards their work like commitment and job satisfaction (Mbobua, 2015). According to statistics from exit interviews, 70% of employees quit their jobs due to rewards issues. The attitudes of employees at the work place significantly affect the organization as a whole, though attitude is a hard to measure factor and normally hidden. Money and other material things are not the only things that bring full satisfaction, since human beings have different psychological needs to fulfill, employee's reward is the target. (Mbobua, 2015).

Among employees surveyed in several studies confirmed that money not being the most important motivator, in fact some managers found money as demotivating or negatively affecting the performance of employee. Ryan (2011) postulated that non-monetary rewards to be very meaningful and very motivating to employees for the improvement of performance. Millicent (2015) did research on the effects of reward management practices on employee retention at Communication Authority of Kenya (CAK) which evidenced that CAK use job evaluation and grading, Salary Survey and total rewards to a great extent. Isaac (2016) focused on the Influence of compensation practices on workers SACCO in Nairobi County which concluded that regulated SACCOs had adopted variable compensation pay program. It is evident that there is limited research work that sought to address the relationship between rewards systems and work attitudes

in Kenya and therefore this study is influenced by this research gap to find the effect of organizational reward systems on employee work attitudes in the energy sector in Kenya.

1.3. Objectives of the Study

The main objective of the study was to examine how reward systems affects employee work attitudes in the energy sector in Kenya.

1.3.1. Specific Objectives

Specifically, the study targeted to:

1. Establish the effect of recognition rewards on the attitudes of employees in the energy sector in Kenya.
2. Determine the influence of monetary rewards on employees' attitudes in the energy sector in Kenya.
3. Determine the effect of skill based pay on employees' attitudes in the energy sector in Kenya.
4. Establish the effect of empowerment rewards on employees' attitudes in the energy sector in Kenya.

1.4. Research Questions

The study was guided by the following research questions.

- a) To what extent do recognition rewards affect the attitudes of employees in the energy sector in Kenya?
- b) What is the extent to which monetary rewards affect employees' attitudes in the energy sector in Kenya?

- c) How does skill-based pay influence employees' attitudes in the energy sector in Kenya?
- d) To what extent does empowerment rewards affect employees' attitudes in the energy sector in Kenya?

1.5 Significance of the Study

With the high rate of employee turnover, attrition, scandals in major parastatal like KPLC and others, concern is raised to the cause of such issues. This study will therefore help to highlight how rewards is influencing those employee attitudes. The study will be useful to policy makers to help them develop necessary laws and policies in relation to rewards. The study will also help employees understand the cause of the attitudes they develop in relation to rewards and thus, employees will appreciate the efforts and this will improve their morale and will raise their self-esteem to improve the performance of the organization. Finally, employers and managers will have vital information to help them develop strategies as well as policies that will help them get the best out of them as well as help them in emotional intelligence when dealing with cases of employee attitudes due rewards.

1.6. Scope of the Study

The study looked at the effects of rewards on employees' attitude in the energy sector. Specifically, the energy sector will be limited to the following institutions: REREC, KETRACO, GDC, and the EPRA which are part of the sub sector of the major institutions that are concerned with the electricity transmission in Kenya under the energy sector. The target population was 2090 staff from the mentioned electricity sub energy sector. The study used a sample size of 336 staff and

the questionnaire was the main tool for data collection. The study used descriptive survey design. The study was done in the academic year 2021/2022.

CHAPTER TWO

LITERATURE REVIEW

2.1. Introduction

This chapter discussed literature related to objectives of the study i.e. rewards and employees' attitude. The study looked at various theories that will help explain the relationship between employees work attitudes and rewards. Further the study will look at past literature of scholars on their opinion concerning rewards and employee attitudes. All these will help to explain the effect of rewards on employees work attitude in Kenya's Energy sector. The chapter structure was as follows: theoretical review, empirical review, the conceptual framework, and finally operationalization of the variables.

2.2. Theoretical Review

The study was guided by the following theories relevant to the study: The Equity theory, the expectancy theory, social exchange theory and agency theory.

2.2.1. The Equity Theory

The Equity theory was first developed by John Stacey Adams in 1963, the theory is also known as Equity theory of motivation. The theory proposed that the motivation of an employee is affected by their belief that the rewards or benefits of their employment are at least equal to their input in terms of efforts (Jahan, 2019). Adam (1963) further categorizes the benefits and rewards of employment as the outputs while inputs are the same as the individual efforts. The inputs include: work responsibilities, loyalty, work commitment, support to other employees, working hours and

work duties. The output include: prizes, bonuses, pension, work appraisals, salary, promotions, and employee's recognition (Jahan, 2019)

The equity theory consists of four propositions: firstly, employees' tend to maximize their outcomes in form of rewards; secondly, collective rewards are maximized in groups through accepted equitable apportion of rewards to its members; thirdly, there is a feeling of distress for individuals who are rewarded too much and too little; and finally, the more an individual feels distressed due to inequitable relationships the more they seek to restore equity (Walster, Traupmann, & William Walster, 1978). The belief by an employee that the inputs are greater than the output, always causes de-motivation. To assess the fairness of the output received, individuals will always compare with colleagues at the work place especially those in the same level. If another individual receives more rewards and recognition than a certain individual though they have similar contribution in terms of inputs, then the individual will be dissatisfied and distressed and feel unappreciated or undervalued and thus considered treated unfairly (Jahan, 2019).

According to Adams (1965) as cited by Armstrong (2009), "there are two forms of equity: distributive equity, which is concerned with the fairness with which people feel they are rewarded in accordance with their contributions and comparison with others; and procedural equity or procedural justice, which is concerned with the perceptions employees have about the fairness with the company procedures in such areas as performance appraisal, promotion, and discipline are being operated". The equity theory deals with how people the way they are being treated as compared to other individuals. Equity is a process that is comparative and involves how people perceive and feel. Armstrong (2009) emphasized that equity theory states in effect, that people are feel better motivated if treated equitably, also feel de-motivated if treated inequitably. The theory explains a single aspect of motivation and job satisfaction process, although it is seen to be

significant in the aspect of morale. The theory was useful in bringing the relationship between monetary rewards, recognition rewards, and skill based pay and employees work attitude at the energy sector in Kenya.

2.2.2. Expectancy Theory

The Expectancy Theory was popularized by Wage Vroom's in 1964 which proposes that people's actions will be geared towards maximization of expected satisfaction with intended outcomes. Further the theory posits that the motivation of a particular individual is as a result of two functions: the relationship between the efforts of that individual with the intended outcome often referred to as "effort-outcome expectancy"; and the attractive the intended outcome is also referred to as "valence". It is from these two factors that make people choose an effort that will give them their desired outcome (Bonner & Sprinkle, 2002).

According to Vroom money is very instrumental in ensuring people obtain their desired things like material goods this because it symbolic in value due to its perceived relationship in factors like status and prestige. Thus, monetary incentives no doubt have a greater valence than non-contingent incentives (Bonner & Sprinkle, 2002). According to the Expectancy theory the motivation of an individual and the resultant effort increase especially when the rewards is performance based. The effect of monetary incentives is conceptualized in two ways: firstly, financial reward is the intended outcome; and secondly monetary incentives have a higher expectancy that non-monetary incentives as monetary are strongly linked to efforts and performance (Locke & Latham, 1990).

Pay act as a tool for bringing about action (effort) tendencies that are focused on a given reward. Action is the reason on what a particular act will lead to outcome that is desired outcome

and that which has value that is strong (valence) for an individual. Pay makes use of the strong value because of its instrumental power in gaining desired outcomes in life such as social esteem needs, physiological or basic needs, and others. This makes rewards a tool that is useful for bringing about expected behavior such as punctuality, commitment, and performance at work. A manager can make use of the expectancy theory as an important way to motivate employees emphasizing on equitable wage given based in correlation to the performance likely to result in a greater performance and organizational efficiency (Ertanin & Şafaklı, 2012). The submission is aligned with Vroom's awarding expectation and fair awarding systems theory which states that "if the individual expectations are positively related with the performance growth, the individual employees will manifest great interest, be committed, diligent and work more tenaciously with elevated motivation".

In summary, according to the expectancy theory the motivation and efforts of an employee are greater when there is performance based rewards thus an increase in the expectation increases the efforts and so is the value of the outcome. This theory was useful in explaining how both monetary rewards, recognition rewards, skill based pay and empowerment rewards on the attitude of employee.

2.2.3. Agency Theory

The agency theory was first developed by Adam Smith 1937 who suspected the existence of the agency problem. He believed that a firm managed by people who aren't the real owners will most likely not work towards the benefits of the owner. Later the theory was shaped by Ross (1973) and Mitnick (1975) who came up with two approaches to the theory. Ross (1973) regarded the agency problem as related to incentives i.e., consequence of decisions related to rewards and is applicable even to the society that we live. On the other hand, Mitnick (1975) viewed the agency problem as

a result of institutional structure that institutions are built and grow around to reconcile with the agency. Thus, using Ross (1973), the organization is made up of set of contracts between the various factors of production however the parties in an organization differ in interests where each wants to maximize the output or profits (Panda & Leepsa, 2017).

The principal agent problem leads to moral hazard due to its divergent objectives and asymmetric information. There will always be a difference in pay-off between the agent and the principle this is because the agent isn't willing to take the action according to the wish of the principal in given perfect information. This means an employee isn't willing to risk too much or too little adjustment of efforts in an engagement. To solve the issue a rewards scheme is applied where the principal will strive at maximization of the expected utility as the agent will also strive to maximize their own dependent on the agent willingness to accept the given contract (Stiglitz, 2008). In this situation the agency costs include the monitoring expenses the principal incurs, the agent bonding expenses, and the residual loss due the decisions made by the agent that do not contribute to the maximization of the expected utility of the principal (Jensen & Meckling, 1976).

Management of organization prefers lesser risks in their pay through adoption of a formula of base salary and less bonuses this is in relation to management rewards. Concerning employees' rewards, the management may adapt a given rewards scheme with an aim to align the interests of employee with that of the management. Outcome oriented contracts and behavior-based contracts are some of the examples that management uses to reduce agency costs (Vskills, 2019). In the arena of employment contracts, this practice is reflected in a multitude of rewards mechanisms and supervisory schemes, various mechanisms may be used to align the interests of the agent with those of the principals (Pink & Daniel, 2009). This theory was useful in linking monetary rewards, recognition rewards, and skill based pay and how they affect the employee performance.

2.2.4. Social exchange Theory

The social exchange theory (SET) was conceptualized by Peter Blau 1964. It explains the relationship of employees and the organizations. The perception of employees about the intentions as well as the attitudes of the organization towards them is depicted in the procedures and the policies that are imposed to them by individuals or agents of that particular organization. The HR practices of an organization are a good indicator to the employees, to either bolster or weaken their relationship with the organization (Whitener, 2001). According to Gergen (1969), there is an exchange of resources that reciprocate and individuals or parties tend to repay deeds of others be it good or bad (Gouldner, 1960). As Blau (1964) puts it, “the exchanges are however influenced by the relationship of the actor and agent”.

The SET is about social behaviors which involves social exchanges where motivation takes place for attainment of rewards where a value or cost is forfeited. Further the theory explains the profits sought during exchanges are such that the rewards are greater than the cost incurred. Dissatisfaction or disturbances among individual occur when there is lack of equity in any exchange or where there is unfairness of the reward given for similar input of efforts (Redmond, 2015). The element of the theory includes: rewards and value reward which according to Homans (1961) refer to “any given reward has different value to different people”; social rewards which are only met when there is interaction of people e.g. respected, socially accepted, attractive etc. where such rewards lead to social interaction like satisfaction, fulfillment of needs, gratification, and pleasure (Thibaut & Kelley, 1959); costs which according to Homans (1961) is “something valuable that is given up or withdrawn as a reward or punishment e.g. money; profits which is the equal to the reward given less the cost and by this it implies that the greater the reward the less the costs, and the more profit gained by an individual (Homans, 1961); equity and distributive justice

where in a relationship partners seek to be involved given the rewards and the costs are shared equally between the partners” (Cook & Yamagishi, 1983).

The SET has been applied in many areas in relation to organizational behavior include both supervisory and organizational support, justice, commitment, and employee’s behavior at the work place (Tepper & Taylor, 2003). The process in social exchange is usual conceptualized with the organization actor who we assume is a supervisor treating an individual either positively or negatively. The positive actions may include support given to the individual by the organization, while negative actions may include abusive supervision (Cropanzano & Rupp, 2008). Due the action of the supervisor, the employee decides to retaliate or reciprocate the treatment with either a bad or good behavior (Gergen, 1969; Gouldner, 1960). The SET predicts that whenever a supervisor acts positively the employee will tend to reply positively or kindly whereas a negative reaction leads to negative reciprocating responses either rational or behavioral (Scholarone Manuscripts, 2015).

The action and reaction process lead to a high social exchange relationship which will improve commitment of employees, loyalty and trust (Meyer, Stanley, Herscovitch,, & Topolnytsky, 2002). When there’s a negative treatment of subordinates the results are always negative including low commitment, attrition, absenteeism, and indiscipline (Schyns & Schilling, 2013). The SET was useful in explaining the attitudes of employees at the work place as a reaction or a reciprocate due to monetary rewards, recognition rewards, skill based pay, and empowerment rewards.

2.3. Empirical Review

The empirical review looked at the scholarly work in relation to the study variables.

2.3.1 Recognition Rewards and Employees' Work Attitudes.

Rewards isn't the only thing employees need but being valued by the organization is equally that important. Recognition of employees is valuing and caring about their contribution. It involves both intrinsic and extrinsic rewards programs. Recognition of employees may include writing of an employee in the organization's newsletter, verbal appreciation, letters of recommendation, and even some time off (Hussain, Khaliq, Nisar, Kamboh, & Ali, 2019). Recognition rewards may as well have a monetary value however; the money is not given to recognize the performance. They include gift certificates, plaques, and luncheon. All the actions that support the organization's goals are recognized through formal or informal feedback. It is therefore important for the organization to remain flexible methods of recognition (Ndungu, 2017).

Intrinsic or non-monetary rewards are "psychological rewards and are opportunities for an individual to use their abilities, a sense of challenge and achievement, receiving appreciation, positive recognition, and being treated in a caring and considerate manner" (Ajila & Abiola, 2004). Forbes Entrepreneur (2013) posits that "money and perks matter to make employees happy and work hard but not as much as we may think". Findings from literature provide mixed results on the type of rewards that is most effective in increasing performance of employees. Perry et al (2006) opine that, financial rewards have a demotivating aspect on employees and thus are not considered as the most motivating factors.

Employees feel satisfied with their jobs if there is self-recognition, that they are solely responsible in contributing towards the attainment of objectives as well as the goals of the organization (D'souza & Poojary, 2018). According to Adeoye and Fields (2014) "job satisfaction is the pleasurable emotional state resulting from the appraisal of one's job as achieving or facilitating one's values. It refers to the feelings people have towards their job. A person may feel

satisfied when they are appreciated for the work done or for achieving a mile stone”. Job satisfaction is known to be among the attitudes that are very important in influencing the human behavior at the place of work. Organizational commitment is the level of attachment individuals have towards the organization. It is a connection established by the employee towards the organization. Employee commitment is shown when employees perform according to the expectations and depicts senses of loyalty and strong attachments which binds them to the organization and avoid distress and temptation to leave (Dey, 2012).

According to Hussain et al (2019) organizations recognize their employees to make them passionate about their jobs and lift high their self-esteem. Employees who are recognized feel motivated and improve their performances as they become intent towards a certain behaviour. The overall productivity of the organization is increased due to employee morale from recognition by the organization. Though organisations use financial rewards to motivate employees to achieve high performance, for committed employees, recognition has been the motivating factor to make them feel appreciated and committed to the organisation. Employee recognition is viewed as a tool for motivation meant to increases the energies of employees as they strive to achieve the goals of the organisation (Danish & Usman, 2010).

Employee recognition it entails both formal and informal acknowledgement of the efforts of the employee, personal behaviour, and results that supports the values as well as the goals of the organisation and viewed to be beyond normal expectation of a normal employee. It acts as a constructive response as well as judgement made on the contribution of an individual, not only related to performance but as well as their dedication and their regular engagement on activities. Employee recognition aims at making the employee understand that their work is of value to the

organisation and they are highly appreciated thus, they need to have the feeling of belongingness, loyal and wanted by the organisation (Nyakundi, Karanja, Charles, & Bisobori, 2012).

Recognition programs ought to be a balance between value based initiatives and performance based though the programs should include both day to day recognition, formal and informal. Recognition can also be organisation wide formal, everyday spontaneous, or departmental specific which are informal (Amoatema & Kyeremeh, 2016; Punke, 2013). Punke (2013) opines that, formal recognition which entails a well-structured recognition program with clear objectives and criteria for rewarding individuals, is an extremely organised approach suitable for employees with many years working for the organisation. According to Siergrist Effort-Reward Imbalance model, rewards are distributed to employees in form of three things: money, esteem, and security. Recognition rewards relate to esteem which includes support and respect (Siegrist, 1996).

2.3.2 Monetary Rewards and Employees' Work Attitudes

Monetary rewards affect attractiveness of outcomes, while efforts affect the likelihood of achieving the desired outcome. The performance of an individual increases due to the increase in monetary incentives. The desire eventual are motivation for any individual to wield more efforts as an increased effort directly increases the performance expectation (Danish & Usman, 2010). Employee work attitude is linked to the outcome of an individual in terms of their performance, absenteeism, and the rate of turnover. Extrinsic rewards are tangible or financial rewards that include rewards like bonuses, promotions, benefits, pay, tips, commissions, gratuities, gifts, and interpersonal rewards. The extrinsic rewards help in fulfillment of the hygiene factors of an employee thus the employee doesn't think of leaving the company (Zaman, Hafiza, Shah, & Jamsheed, 2011).

The purpose of a reward system in an organization is to reduce employee turnover and retain good, qualified employees; develop a good working employment deal. However, it can be argued that the main purpose of the reward is increase the willingness of an employee to work for the organization. Extrinsic rewards can be quantified thus an effective extrinsic system of reward relates rewarding with productivity and aims at retaining the best performing employees in the organization (Munir, Lodhi, Sabir, & Khan, 2016)

Munir et al, (2016) found a supportive relationship between extrinsic rewards and job performance. Thus, individual employees enjoyed payment as a given security and this increased job performance and even fostered the relationship with other employees. Extrinsic rewards are essential in satisfaction of the basic needs of an individual. From Maslow's hierarchy of needs as an individual achieves the basic needs, they tend to strive to reach the next one. Financial incentives are good anchor to attract very competent employees to a given organization in the beginning and they are also good retention tool. However, a financial incentive isn't the only important stimulus in retention and attraction of quality and qualified employees in an organization (Al-Belushi & Khan, 2017). Zaman et al (2011) identified the massive and fantastic bond of extrinsic rewards and worker motivation effect on performance, however, employers are the challenge as they do not provide honest as well as good enough financial rewards to employees.

Monetary rewards have an impact on the job satisfaction, motivation, retention of employees, not excluding attraction level of the employee to the job or organization. The financial incentives elements include gratuity, pension, allowances, and salary (Chinyio, Shuresh, & Salisu, 2018). According to Chinyio, Shuresh, & Salisu (2018) from the study conducted in Jigawa State's public sector, employees' gratuity and allowances motivated employees; job salary, gratuity and pension were the major attraction on the jobs. However, employees' retention was highly

influenced by the pension and gratuity received. The study also showed that gratuity was highly influenced motivation, retention, job satisfaction, and job attraction. Allowances and salary influenced motivation and job attraction respectively

There is a substantial and superb relationship between fair and good enough rewards and rewards on motivation of employee to high overall performance (Dessler, 2013). This view is supported by Zaman et al (2011) in their observation who affirmed that reward and rewards system is the center piece of the employment settlement in spite of everything it's miles the primary cause why human beings work. Any correct reward and reimbursement aims at attracting, inspiring and preserving excellent employees to attain the strategy of the organization. However, while the system for reward and rewards is seen to be unfair, unequitable and non-competitive, it becomes the origin of dissatisfaction of employees. Herzberg's -factor theory mentioned in (Armstrong, 2009) opines the positive factors as necessary to hold "hygiene" or make sure that personnel satisfied. If a truthful and just rewards device is furnished, the worker has got a baseline requirement met so that to head for other priorities like job satisfaction and success.

Milkovich, Newman, and Gerhart (2013) argue that, a rewards bundle that is poorly designed causes dissatisfaction and turnover of employees. A reward and rewards package may fail to attract the commitment of employee when it is seen to be unfair, inconsistent and, inequitable. Such reimbursement does not motivate nor attract or keep personnel. This shows that reimbursement control ought to be taken critically to acquire a competitive advantage. Employees who quit employment give insufficient or poor reimbursement as the cause for quitting. A rewards that is fair and just if it provides personnel with the baseline requirements to head for other priorities including job fulfillment and satisfaction which increases their commitment and dedication to improve the overall performance (Khan & Aleem, 2014).

Employees in an organization prefer monetary rewards for successful accomplishment of tasks (Berger & Berger, 2015), contrary Buchbinder and Shanks (2017) opine that, monetary incentives have limited motivation. These sentiments are also affirmed by Kube, Marechal, and Puppe (2006) who believe that the effectiveness of monetary incentives is short term. Previous literatures suggest monetary rewards to impact productivity, performance and motivation. Pink (2011) opines that, best performing employees should be incentivized by monetary rewards as it appears to be an easier way as well as serves as the best way to achieve effectiveness and efficiency of employees. Lemieux, MacLeod, and Parent (2009) posit that performance-based pay increases productivity qualitatively, while Muralidharan and Sundararaman (2009) claim that there is a direct relation between incentive payment with the employees' output and their performance. However, Perry et al (2006) postulate that monetary rewards isn't that effective especial in organizations in the public sector depending on the organizations conditions. Merit pay is considered to be a motivating factor however it should be more that 7% of the basic salary (Al-Belushi & Khan, 2017)

There is massive and fantastic bond of extrinsic rewards and worker motivation effect on performance, however, employers are the challenge as they do not provide honest as well as good enough financial rewards to employees (Zaman et al, 2011). Whenever employees of an organization feel they are appreciated for the efforts they give and there is a good repayment structure based on evaluation of activity, commitment, and motivation are enhanced and so is the result and performance. Research by Boon (2006) in Malaysia determined that rewards recognition motivate people, and those factors of reward which include equity; equitable pay and reward for good performance have an impact on worker dedication to Organization. The difference among satisfaction and job dissatisfaction is within the employees, the amount, and type of rewards

expected by employees. The contribution of employees and the efforts are expected to be valued made significance inside the identical bases on the cost of their task, as they work in engaging the duties assigned (Yousaf, Latif, Aslam, & Saddiqui, 2014).

2.3.3. Skill based pay and Employees' Work Attitudes.

Skill based pay is a reward system where employees get rewarded with an additional pay against knowledge, competencies, and formal certification of mastery of certain skills. A skill is referred to as an observable expertise that is acquired for performing certain tasks. While knowledge is the information that is acquired for performing given tasks. As for competencies, they are general skills that are needed to perform certain tasks more so in multiple roles i.e. they are traits need to perform a given task. Employees in skill based pay systems receive additional pay after they demonstrate competencies, knowledge, and skills (Gachuru & Kwasira, 2016). Skill based pay systems are based the characteristics of an individual rather than the job they do, thus in job based systems employees are entitled to receive pay though they are not proficient in their position. Competency based system are efforts made by organizations to build competencies that will help them meet the needs of the organization. However, different plans emphasize on depth, breath or both and they normally go beyond the technical orientation skills of the career ladder i.e. a dual career based on the technical capabilities and meeting the customer's needs (Ledford, Heneman, & Salimäki, 2018).

According to the Institute of Employment Studies (2013) skill based pay is based on modules that are defined with clusters of skills to be used. Employees are awarded an extra pay should they demonstrate their abilities to perform the set of skills. Employees are cross trained and assessed on what skills they can effectively performed where the skills are organized hierarchically with break points that are clearly defined. Changes to organizations culture and structures has led

to few layers of hierarchy and thus job boundaries have become fluid with the expectation being on the employees to be self-reliant without making referrals of the problems to the management i.e. the organizations are more customer focused and more quality, this has risen to skill based pay. Organizations need to be flexible and equipped with highly trained as well as multi skilled employees that are rewarded against their value to the organization and the skills are upgraded targeting lifelong learning. Further, there are unclear career paths where some specialists do not exercise their responsibilities. With that, and strategic HR management that aims to integrate vertical and horizontal management to support each other has led to the rise of skill based pay systems (Reilly, 2013).

In a survey of Fortune 1000 firms conducted by 'Center for Effective organizations' found that 56% of the firms used skill based pay and have not changed though the plan was only used partially especially for the managers and professionals. In another study by the international Public Management Associations for Human Resources, only 22% of the organizations in the public sector use skill based pay. According to 'WorlatWorks rewards programs and practices 2012 survey', 70% of organizations in the private sector use skill acquisition as a basis for pay increase. Most surveys show that organizations use competency, skills, and knowledge as pay foe skills though to a small % of the workforce (Ledford , 2014). Employee acquires knowledge through learning especially those with the mindset and curiosity to learn. The competencies and abilities of the employee will eventually increase through learning which in turn help to improve on the productivity and performance. Through training and coaching there is skill growth, and the level of the skill has an effect on the productivity of the employee and consequently the productivity of the employee will affect the effectiveness of the organization (Ledford, Heneman, & Salimäki, 2018).

Skill based pay redefines the role of employee from being a specialist in one area to being able to assume variable roles in an organization. Employees are expected to develop a broader role orientation which also means a change in relationship between the employer and employee and consequently then affects the behaviors and attitude of the employee and so in the organizational commitment. Involvement of employees in operations and multiple functions as well as acquiring new skills and a higher pay leads to more commitment and loyalty to the organization. This is because the employees develop appreciation of the organization and its objectives and hence development of attachment to the organization. Time invest and efforts in learning of specific skills related to the organization makes it costly for the employee to leave the organization and thus, there is organizational commitment (Al-waqfi, 2014). Studies have shown that there is a positive relationship between non-financial incentives and job satisfaction (Hayati & Caniago, 2012; Rast & Tourani, 2012). Intrinsic motivations have a positive relationship with job satisfaction. Further, intrinsic rewards are positively correlated (Tausif, 2012).

2.3.4. Empowerment Rewards and Employees' Work Attitudes.

Employee empowerment is the sharing of knowledge, improving the intellectual capability as well autonomy in decision making. It is believed that organizations with high level of empowerment to its employees develop strength for its long-time survival and dealing with different challenges (Karim & Rehman, 2012). It is considered a fundamental aspect that helps in achievement, productivity and growth of an organization. It is a motivational practice that aims at increasing performance through opportunities for participation and involvement in decision making process. It involves clearing the boundary between employees and top management and build trust, motivation and participation in the process of decision making. It gives the employee authority to

make decision based on the responsibility given by the management. Empowerment is giving the employees the authority in dealing daily routinely activities or matters (Hanaysha, 2016).

Employee empowerment is widely seen as an important contributor to the success of an organization whilst also believed to have a direct effect on organizational commitment, job satisfaction, and employee performance (Meyerson & Dewettinck, 2012). Employees who are empowered feel motivated and with that they will gain authority take control and apply their knowledge to deal with issues affecting customers. Studies have found employee empowerment to with a positive effect on job satisfaction (Wadhwa & Verghese, 2015). Training is imparting a specific skill to do a particular job while development deals with general enhancement and growth of individual skill and abilities through conscious and unconscious leaning (Asfaw, Argaw, & Bayissa, 2015).

According to Armstrong (2009), organizations could take advantage of training and development to win over the hearts and mind of their employees to enable them have the identity of their organization, to increase their commitment to the organization, as well as bring the sense of belongingness to the organization. The essence of training and development is to improve the competencies of employee to enable the organization maximize the human asset for efficiency and effectiveness. Training is viewed as a management commitment towards assuring employees that they are valued in the organization, and in so doing they acquire and develop skills needed for them to experience and flexibility on the jobs they do. Training and development is part of people investment which is a part of HRM approaches that will eventual lead to motivation of employees Training is essential in development of desired knowledge, abilities, and skills needed by the employees to motivate them, increase their commitment and improve on their job performance. (Asfaw, Argaw, & Bayissa, 2015).

In a study in Ethiopia done by Asfaw, Argaw, and Bayissa (2015) on the effect of training and development on the effectiveness of employee and their performance, the findings reveal that training and development that employee attended brought potentials of the employee in performing their task and lead to the effectiveness of the employee. The study also revealed that training and development motivated the employees and increased their satisfaction level and commitment. The same sentiments are also affirmed by Ahmad and Din (2009) that training enhances employee performance as it is a learning process.

2.4 Conceptual Framework

A conceptual framework is a diagrammatic representation of the various relationships of the variables of the study (Kothari, 2014). It is a summary of the behaviors and explanations as well as prediction of empirical observations (Cooper & Schindler, 2011). The conceptual framework in this study tried to explain the relation between employee's attitudes as the Dependent variable with methods used to determine rewards, non-financial incentives, financial incentives and employee empowerment as Independent variables. The following Figure 2.1 below shows the conceptual framework for this study.

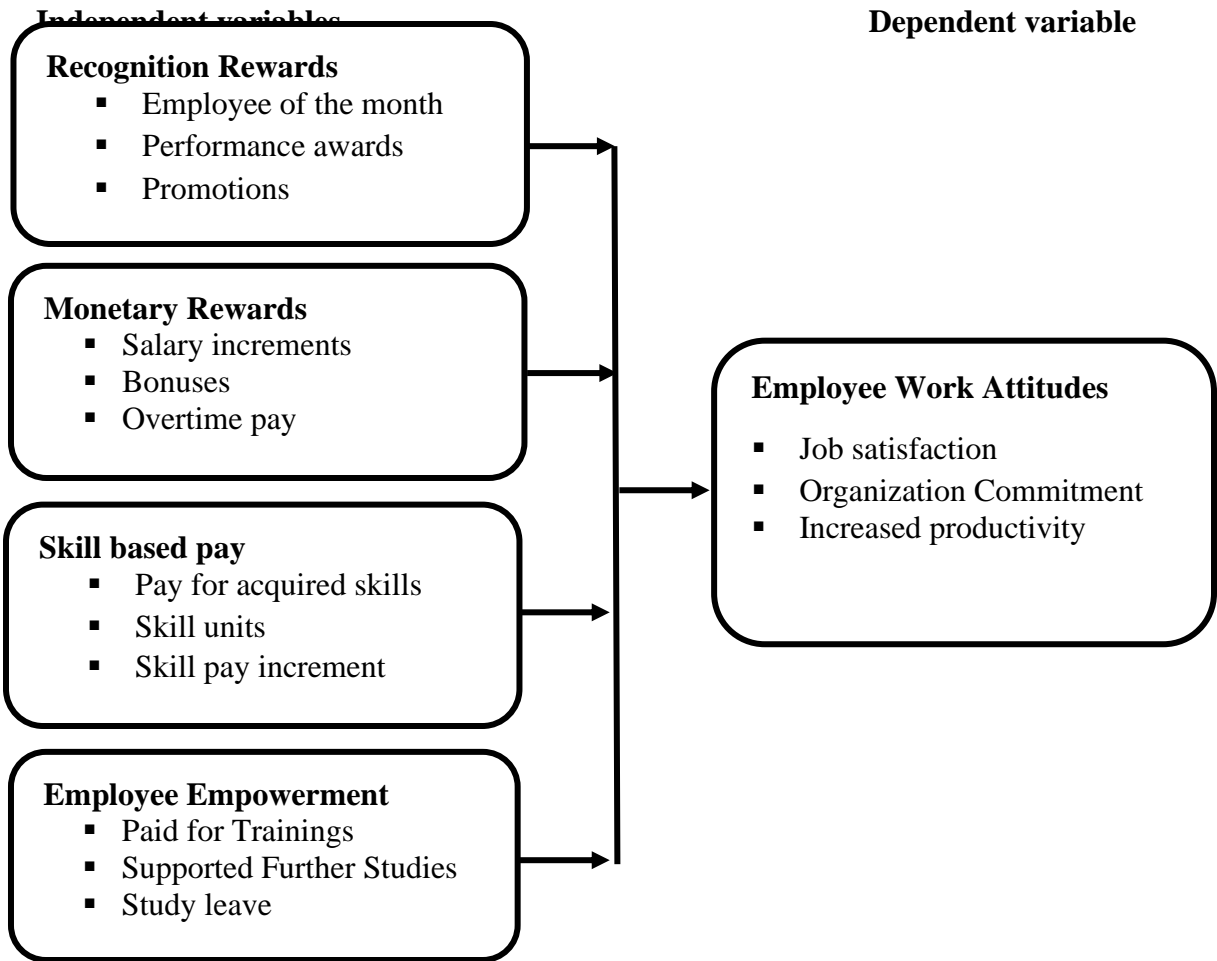


FIGURE 2.1: Conceptual Framework.

Source: Researcher (2022)

2.5. Operationalization of Variables

TABLE 2.1: Operationalization of Variables.

Variable Type	Variable	Indicator	Measure	Measurement Scale
Independent	Recognition Rewards	<ul style="list-style-type: none"> ● Employee of the month ● Performance awards ● Promotions 	<ul style="list-style-type: none"> ● Award certificates. ● Frequency of awards. ● Award plan ● Promotion letters 	<ul style="list-style-type: none"> ● Likert scale
	Monetary Rewards	<ul style="list-style-type: none"> ● Salary increments ● Bonuses ● Commissions 	<ul style="list-style-type: none"> ● Appraisal reports ● Rate of bonuses ● Rewards score cards. 	<ul style="list-style-type: none"> ● Likert scale
	Skill based pay	<ul style="list-style-type: none"> ● Pay for acquired skills ● Skills units ● Increment 	<ul style="list-style-type: none"> ● Pay for Certification ● Pay increment ● Rate of pay to a skill unit. 	<ul style="list-style-type: none"> ● Likert scale
	Empowerment Rewards	<ul style="list-style-type: none"> ● Paid for Trainings ● Supported Further Studies ● Study leave 	<ul style="list-style-type: none"> ● Frequency of trainings ● Study leave forms ● Completion certificates 	<ul style="list-style-type: none"> ● Likert scale
Dependent	Employee Work Attitudes	<ul style="list-style-type: none"> ● Job satisfaction ● Organization Commitment ● Increased productivity 	<ul style="list-style-type: none"> ● Employee turnover ● Numbers of years working at the company ● Contracts 	<ul style="list-style-type: none"> ● Likert scale

2.6. Research Hypotheses

This study was guided by the following null hypotheses.

1. **H₀₁**: Recognition Rewards has no significant relationship influence on employee work attitudes in the energy sector in Kenya.
2. **H₀₂**: Monetary Rewards have no significant relationship influence on employee work attitudes in the energy sector in Kenya.
3. **H₀₃**: Skill based pay has no significant relationship influence on employee work attitudes in the energy sector in Kenya.
4. **H₀₄**: Empowerment Rewards has no significant relationship influence on employee work attitudes in the energy sector in Kenya.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Introduction

This chapter presents an overall description of the research design, methodology and techniques that will be used in conducting the study. This chapter also describes the target population, the sample size, the sampling technique and the procedures to be used. This chapter further introduces the analysis tests to be undertaken and the appropriate data analysis used to generate the results.

3.2. Research Design

According to Kothari (2014), a research design is the conceptual structure within which the research is conducted; it also constitutes of the blueprint for collection, measurement and analysis of data. The study adopted a descriptive survey research design. A descriptive research design provides accurate presentation of factors that are relevant to the research question (Creswell, 2013). Surveys are useful when a researcher intends to collect data on phenomenon that cannot be directly observed. This study aimed at collecting facts on thoughts, opinions, and feelings of respondents on effect of rewards system on employee work attitudes in the energy sector in Kenya.

3.3. Target Population.

The target population constitutes a group of individuals or elements from which a sample data will be collected from (Kombo & Tromp, 2011). The targeted population in this study constituted staff of electricity sub sector in Kenya comprising of the Kenya Electricity Transmission Company, Geothermal Development Company, the Energy and Petroleum Regulatory Authority, Rural

Electrification and Renewable Energy Corporation, and Nuclear Power and Energy Agency. The study targets 2090 staff from the aforementioned electricity sub sector. Table 3.1 shows the targeted population.

TABLE 3.1: Target Population

Category	Senior Managers	Middle Managers	Junior Staff	Totals
REREC	21	35	201	257
KETRACO	13	59	479	551
GDC	12	81	958	1051
NUPEA	11	15	52	78
EPRA	9	35	109	153
Total	66	225	1799	2090

Source: Ministry of energy (2020)

3.4. Sampling and Sampling Procedure

Sampling is the process where a small representation of objects or people under study is highlighted and scrutinized to represent the whole population of the study. Sampling technique describes the list of all the units a population from which the sample will be selected (Cooper & Schindler, 2011). Thus, a sample is a proportion of the targeted population obtained using a systematic form (Kothari, 2014). Sampling technique refers to a method of choosing objects from a population such that the cluster contains representative components of the characteristics found within the entire cluster (Orodho, 2012).

Stratified random sampling was used for this study. Stratified sampling will be used to group the respondents with similar characteristics in job titles into strata of top management,

middle level of management, and employees from of electricity sub sector in Kenya comprises of the REREC, KETRACO, GDC, NUPEA and the EPRA are proportionately represented in the sample. Stratified sampling is ideal for this study because it ensured that different groups of the population are represented in the sample, it enables one to get more precise estimates for each stratum, allows accuracy and minimizes biasness (Kothari, 2014).

TABLE 3.2: Stratification Table

STRATA	RUREC	KETRACO	GDC	NUPEA	EPRA	TOTAL
Senior Mgt	3	2	2	2	2	11
Middle Mgt	6	9	13	2	6	36
Junior Staff	32	77	154	8	18	289
Total	41	88	169	12	26	336

Source: Researcher (2022)

3.4.1. Sample Size

Since the study population is below 10,000 people, sample size of this study was obtained using Yamane (1967) formulae for calculating sample size assuming 95% confidence level (P =0.05)

$$n = \frac{N}{1+Ne^2},$$

Where, n = Sample size, N = Population, e = Precision level or Margin of error, such that, 95% = confidence level. Thus, alpha or $e = 1 - 0.95 = 0.05$, the precision level of 5%, ($e=0.05$) (Creswell, 2013).

$$n = \frac{2090}{1+(2090 \times 0.05^2)}$$

$$n = 336$$

3.5. Data collection Instrument

Primary data was collected for this study. Questionnaires was used to collect data from the sample under study as it is easy to administer. A questionnaire is a collection of pre-formulated items in definite order on a form or set of forms to which a respondent is expected to react, usually in writing (Kothari, 2014). The questionnaire contained both closed and open-ended questions. Closed ended questions are not only easy for the respondents but are also easy to process (Bryman & Bell, 2015).

The open-ended questions provided the respondent to give an alternative opinion that has not been provided for in the closed ended questions. According to Kothari (2014), a questionnaire is important is it provide a low cost even if the population is large and provides a low bias response as it gives the respondent ample time to respond. The instrument was administered to the respondents by the researcher with a few assistants in explain further any aspects not well understood by the respondents. Secondary data was obtained from journals, seminar papers, bulletins, thesis, and books and other scholarly work related to the study.

3.6. Data collection Procedure

The researcher sought a permit to conduct the study from the authorities from the Energy Tribunal, Kenya Electricity Transmission Company, Rural Electrification Authority, Kenya Nuclear Electricity Board, and Geothermal Development Company. The selected respondents will be approached and requested to fill questionnaires. The research objectives were clearly explained to the respondents, and confidentiality of their responses ensured. Appointments were booked for those respondents who will either be busy or unavailable. The respondents were given ample time to respond to the items and only guided if they seek assistance. Pick and drop method was adopted, with constant follow ups to ensure a desired 100% target is achieved from the questionnaire

distributed. The researcher collected the questionnaires from the respondents after completion. The researcher then analyzed the data, and then wrote the final report.

3.7. Validity and Reliability of the Instrument

The questionnaire as the main data collection instrument was tested for both validity and reliability.

3.7.1. Validity

Data collection instrument Validity refers to the degree at which an instrument measures data that represents the phenomenon under study. Thus, a valid instrument was measure what it is intended to measure (Mugenda & Mugenda, 2018). The questionnaire was tested in order to check their content, construct and face validity. Content validity was done to ensure that the content that the instruments is adequate to the subject understudy. Face validity dealt with how the instrument appears in term of format, font size, spacing language used and etc. (Creswell, 2013). Construct validity determined the nature of psychological construct or characteristics measured by the instrument (Mugenda & Mugenda, 2018). Experts, supervisor and classmates helped in the review to make sure the instruments accurately measured the variables it intends to measure in the study.

3.7.2. Reliability

Reliability is the extent to which research results are consistent and replicable (Creswell, 2013). Cronbach's Alpha coefficient was used to determine the reliability of the instrument by subjecting the four independent variables and the Dependent variable using SPSS. Cronbach's Alpha coefficient was used to ensure internal consistency of the instrument ranging between 0.00 and 1, where 0.00 means there is no consistency while 1.00 shows a perfect constancy (Bryman & Bell, 2015). A pilot study was done at National Oil Corporation of Kenya (NOCK) which is not part of population to ensure that the instrument is reliable. A Cronbach's Alpha coefficient of 0.7 and

above is consider being reliable with greater than 0.7 considered to be highly reliable (Bryman & Bell, 2015). The pilot study Cronbach alpha was 0.843 which considered to be highly reliable.

3.8. Data Processing and Analysis

The completed questionnaires were edited for completeness and consistency. The data was then code to enable the responses to be put into various categories. The dully filled questionnaire was coded before and entered to Statistic Package for Social Science (SPSS), version 24 for analysis.

3.8.1. Data Analysis

The study analyzed data using descriptive statistics for quantitative data through frequency tables, percentages and measure of central tendency and measure of dispersion. It also used inferential statistics to analyze population parameters using estimation or level of significance and hypothesis testing. The purpose of descriptive statistics is to provide opinion of respondents in relation to phenomenon understudy (Bryman & Bell, 2015). Regression analysis was used to estimate the relationships between the Dependent and Independent Variables. Regression can estimate the coefficients of the linear equation, involving one or more independent variables, which best predicted the value of the dependent variable (Cooper & Schindler, 2011). The linear multiple regression model was used for analysis to get the T-values in the models of coefficients for hypotheses testing. ANOVA was used to confirm the variances between the means of the variables to show significance of any change in any one will affect the other. The following regression model will be used;

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon, \dots\dots\dots(i)$$

Where; Y= Employee Work attitudes

β_0 = Constant

β_1 , β_2 , β_3 and β_4 are coefficients of determinants of effect of rewards system on employee work attitude in Kenya's energy Sector.

ε =error term

X_1 = Recognition Rewards

X_2 = Monetary Rewards

X_3 = Skill based Pay

X_4 = Employee Empowerment Rewards

3.8.2. Data Presentation

Results from the analysis was presented in terms of graphs and charts followed by interpretation. Quantitative reports through tabulations and percentages were generated using SPSS.

3.9. Diagnostic Test

Diagnostic tests were done to check for violation of assumptions that a critical to ensure correct data and reliable results. This study tested normality, heteroscedasticity, and multicollinearity.

3.9.1. Multicollinearity

Multicollinearity occurs when the independent variables in multiple regression models are not independent from each other. It implies that "there is an exact linear relationship in the population between the means of the response variable and the values of the explanatory variables (Silverman, 2016). Multicollinearity in this research was determined using the Variance Inflation Factor (VIF) which identifies if there exists correlation between the independent variables and establishes the strength of those correlations. The VIF of between 1 and 10 indicates that there is

no multicollinearity between the independent variables and the value of VIF above 10 and below 1 is an indication that there exist some multicollinearity issues (Sekaran, 2013). The study didn't find any evidence of multicollinearity.

3.9.2. Normality Test

The normality tests are supplementary to the graphical assessment of normality that compared the scores in the sample to a normally distributed set of scores with the same mean and standard deviation. If the test is significant, the distribution is non-normal that is, with zero mean and constant variance of 1. In the study normality test statistics used the Kolmogorov-Smirnov test and otherwise Shapiro-Wilks test if the sample elements are less than 50. If the P-Value is > 0.05 then this implies that residual is asymptotically normal or the opposite is true (Bhattacharjee, 2012). The study found the data to be approximately normally distributed.

3.9.3. Heteroscedasticity Test

Homoscedasticity is a basic assumption in a linear regression model assumption where the probability distribution of the disturbance term remains the same for all observations. That is, the variance of each error term is the same for all values of the explanatory variable. However, if the disturbance terms do not have the same difference, this condition of a non-constant variance or non-homogeneity of variance is known as heteroscedasticity" (Bhattacharjee, 2012). To detect the heteroscedasticity problems, the study used the Breusch-Pagan or Cook-Weisberg test. This test states that, if the P-value is significant at 95% confidence interval, the data has heteroscedasticity problem, whereas if the p-value is insignificant (greater than 0.05), the data has no heteroscedasticity problem. The study did not find heteroscedasticity in the linear regression model .

3.10. Ethical Consideration

Ethical consideration was taken in to account during the study. The researcher sought approval from KCA university to ensure the final document was genuine and validity and further conforms to the standards set by the University. The researcher also acknowledges the work of other authors by citing them as well as referencing to avoid cases of plagiarism. During data collection the researcher emphasized to the respondents the importance of giving honest responses and further assured the respondents of confidentiality of their responses. The exercise of data collection was also a voluntary participation. The information received will be solely used for research purpose.

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSION

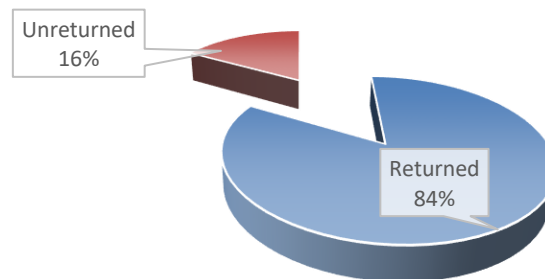
4.1. Introduction

The chapter presents the analysis, findings, and discussion of the data collected in the study. The interpretation of the findings and discussion is in line with the objectives of the study. This chapter will include the response rate, the demographic characteristics of the respondents, both descriptive and inferential analysis and discussion of study variables, diagnostic tests, and model fitting.

4.2. Response Rate

The study had a sample of 336 respondents from the energy sector. The research together with some few research assistants administered questionnaire to the 336 respondents. The total number of questionnaires that returned and duly filled were 281 representing a return rate of 83.63%. Mugenda and Mugenda (2018) opine that a response rate of 50% and above is good enough to yield favorable results. Thus, the study is good and favorable to give accurate results. Figure 2 below shows the response rate.

FIGURE 4.1: Response Rate



Source: Researcher (2022)

4.3. Demographic Information

The study sought to find out important demographic characteristics of the respondents. The demographic information included: the organization worked for, gender, age bracket, years of service, and highest level of education attained. These characteristics were important to analyze as they provide crucial information about the respondents. The demographic information is as follows:

4.3.1. Organization.

The respondents were asked about the organization they belong to in the energy sector. The population of the study targeted REREC, KETRACO, GDC, NUPEA, and EPRA. It was important to get representation from each of these organizations to have conclusive data. Table 4.1 below shows that REREC had 34 (12.1%) respondents, GDC had 142 (50.5%) respondents, EPRA 21 (7.5%) respondents, NUPEA 10 (3.6%), and KETRACO 74 (26.3%). Thus, we can conclude that there was a significant representation of the organization in the population. This gives a clear and fair representation of the energy sector as per the scope in the population. Table 4.1 below shows the findings.

TABLE 4.1: Organization

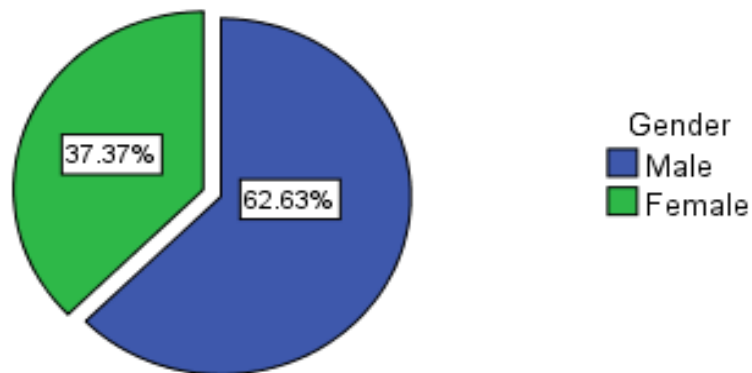
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	REREC	34	12.1	12.1
	GDC	142	50.5	62.6
	EPRA	21	7.5	70.1
	NUPEA	10	3.6	73.7
	KETRACO	74	26.3	100.0
	Total	281	100.0	100.0

Source: Researcher (2022)

4.3.2. Gender of Respondents

The study sought to find out about the gender of respondents in the energy sector. This will be useful also to explain whether there is a balance of gender putting in mind that the two-third gender rule that is still contentious. Figure 4.2 below shows that 176 (62.63%) are males and 105 (37.4%) are females. Thus, the findings show that the energy sector has a good gender balance. Figure 4.2 shows the results.

FIGURE 4.2: Gender of Respondents



Source: Researcher (2022)

4.3.3. Age Bracket of Respondents

The study also sought to establish the age bracket of the respondents. The information will be useful in understanding whether the respondents had attained maturity level and also will help to understand the pattern of age distribution in the energy sector. The findings reveal that 29 (10.3%) were below 30 years, 129 (45.9%) between 31 to 40 years, 77 (27.4%) between 41 to 50 years, while only 46 (27.4%) are above 50 years. We can conclude that in the energy sector majority of the employees are between 20-40 years representing a cumulative percentage 56.2%. the age

bracket is also important in explaining the trend of attitudes of employees as different age bracket have different expectations and needs in life. Table 4.2 below shows the findings.

TABLE 4.2:Age bracket of Respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
20-30 yrs	29	10.3	10.3	10.3
31-40 yrs	129	45.9	45.9	56.2
Valid 41-50 yrs	77	27.4	27.4	83.6
Above 50 yrs	46	16.4	16.4	100.0
Total	281	100.0	100.0	

Source: Researcher (2022)

4.3.4. Years of Service

The respondents were asked about the years they have served the different organizations in the energy sector. This was meant to help understand the trend of employment in the energy sector as well as will be able to link that to the attitudes of employees. The study found that 47 (16.7%) have worked for the energy sector for 2years and below, 59 (21%) have been in the energy sector for 3 years, 53 (18.9%) have been in the energy sector for 4 years, 42 (14.9%) have worked in the energy sector for 5 years, while 80 (28.5%) have worked in the energy sector for more than 5 years. Thus, 62.3% have been working in the energy sector for 4 years and more. It will be of great interest to understand their intention to stay in the energy sector for that long. Table 4.3 below shows the findings.

TABLE 4.3: Years of Service

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1-2 yrs	47	16.7	16.7	16.7
3 yrs	59	21.0	21.0	37.7
4 yrs	53	18.9	18.9	56.6
5 yrs	42	14.9	14.9	71.5
Above 5 yrs	80	28.5	28.5	100.0
Total	281	100.0	100.0	

Source: Researcher (2022)

4.3.5. Highest Level of Education

The study sought to establish the level of education of the respondents. This was meant to explain the pattern of qualification around the energy sector as well ensure the respondents are well educated to understand the contents of the questionnaire to ensure reliable responses are given. The study found that 14 (5%) had basic education, 19 (6.8%) had ordinary level education, 48 (17.1%) had diploma, 144 (51.2%) are undergraduates, while 56 (19.9%) are post graduates. Thus, we conclusively say that the employees in the energy sector have a major of undergraduates. The level of education will be useful also in establishing the patterns of attitudes as the education level show different attitudes in the work place based on ambitions and needs. Table 4.4 below shows the findings.

TABLE 4.4: Highest Level of Education

	Frequency	Percent	Valid Percent	Cumulative Percent
Primary	14	5.0	5.0	5.0
Secondary	19	6.8	6.8	11.7
Diploma	48	17.1	17.1	28.8
Valid Undergraduate	144	51.2	51.2	80.1
Masters	48	17.1	17.1	97.2
Doctorate	8	2.8	2.8	100.0
Total	281	100.0	100.0	

Source: Researcher (2022)

4.4. Descriptive Statistics of Study Variables

The study analyzed the data capture in the questionnaires to ascertain whether the main objective of the study was attained i.e. to establish whether rewards systems influence the employee attitudes in the energy sector in Kenya. The questionnaire used a 5-point Likert scale (1-5) where it represented the responses of Strongly disagree to Strongly Agree. The mean and standard deviation of the responses were obtained and a composite mean for the variable too. In interpretation, Strongly Disagree meant complete disagreement; Disagree mean to some extent there is a disagreement; Neutral mean not sure or undecided; Agree meant to an extent there is an agreement; and finally, Strongly Agree meant a high level of agree with no doubt. The statistics for the variables and their interpretation are as follows:

4.4.1. Recognition Rewards and Employee attitudes

The first specific objective was to establish whether recognition rewards affect the attitude of employees in the energy sector in Kenya. The respondents were asked their opinion in relation to recognition rewards and their responses are shown in the statistics in Table 4.5 below.

TABLE 4.5: Recognition Rewards and Employee attitudes

	SD	D	N	A	SA	Mean	Std. Dev
The organization rewards an employee who is exemplary.	92 32.7%	24 8.5%	46 16.4%	76 27%	43 15.3%	2.84	1.503
An employee who has good performance is rewarded as the employee of a given category. I.e. employee of the month, year, department, etc.	61 21.7%	10 3.6%	37 13.2%	74 26.3%	99 35.2%	3.50	1.528
The organization has plan in place to award its performing employees and in the calendar of activities.	9 3.2%	21 7.5%	42 14.9%	88 31.3%	121 43.1%	4.04	1.081
An employee is given recommendation letter whenever the organization feels he/she has been extra ordinary and exemplary.	27 9.6%	27 9.6%	43 15.3%	101 35.9%	83 29.5%	3.66	1.260
The recognition is done frequently.	88 31.3%	21 7.5%	42 14.9%	113 40.2%	17 6%	2.82	1.395
I feel motivated whenever I receive a recognition reward from the organization.	68 24.2%	6 2.1%	39 13.9%	150 53.4%	18 6.4%	3.16	1.327
The organization recognizes it employees by awarding them certificates and trophies for their productive role in the organization.	54 19.2%	57 20.3%	35 12.5%	113 40.2%	22 7.8%	2.97	1.300
Composite Mean						3.28	

Source: Researcher (2022)

Findings from Table 4.5 above the study did not provide significance statistical evidence to show that the energy sector rewards exemplary employees as supported by mean of 2.84 where 116 (41.2%) respondents disagreed while 119 (41.4%) agrees and 46 (16.4%) were undecided on the issue. With a mean of 3.5 the study also found significance statistical evidence that suggest an employee with a good performance is rewarded as employee in a given category such as employee of the month etc. a total of 173 (61.5%) respondents supported the opinion while 71 (25.3%) respondents were not convinced of the same leaving 37 respondents who could neither support nor deny on the issue. D'souza and Poojary (2018) explains that employees feel satisfied when there

is self-recognition as they feel have a responsibility and contribution towards attaining the goals and objectives of the organization. Job satisfaction is known to be among the attitudes that are very important in influencing the human behavior at the place of work. An employee may feel may feel satisfied when they are appreciated for the work done or for achieving a mile stone (Adeoye & Fields, 2014).

The study also found that the energy sector has plans for rewarding performing employee as captured in the calendar of activities this is supported by a mean of 4.04 where a majority of respondents 201 (74.4%) respondents were in agreement. The energy sector was also found to give recommendation letters for employees who are seen to extra ordinary and exemplary as shown by a mean of 3.96 where majority of the respondents 184 (65.4%) were in agreement. The study however, did not find significance evidence to suggest how frequently recognition rewards are done at the energy sector as supported by a mean of 2.82 where 130 (46.2%) respondents supported the frequency of recognition rewards while 109 (38.8%) respondents.

Hussain et al (2019) argued that recognition of employees is valuing and caring of employee which may include writing of an employee in the organization's newsletter, verbal appreciation, letters of recommendation, and even some time off. Amoatema and Kyeremeh (2016) opine that recognition programs should be a balance between based initiative and performance based to include both day to day recognition whether formal or informal. They could also be departmental specific and everyday spontaneous. Punke (2013) reiterates that they should be well structured programs with clear objectives as well the criteria for rewarding the individuals with organized approach that is suitable for employees that work in the organization for many years.

The study provided significance evidence to show that employees feel motivated whenever they receive recognition rewards from the organization. The mean of 3.76 supported the argument where 168 (59.8%) respondents were in agreement. Nyakundi et al (2012) asserts that It acts as a constructive response as well as judgement made on the contribution of an individual, not only related to performance but as well as their dedication and their regular engagement on activities. With rewards recognition employees understand the value they have towards the organization as they are appreciated, their loyalty towards them by the organization and belongingness.

Finally, the study didn't provide any significance statistical evidence to support that there is recognition of employees through award of certificates for productive role in the organization. With a mean of 2.97 where 135 (48%) respondents agreed while 101 (39.5%) disagreed with only 35 (12.5%) who could not make a decision on the issue. According to Nyakundi et al (2012) employee recognition it entails both formal and informal acknowledgement of the efforts of the employee, personal behaviour, and results that supports the values as well as the goals of the organisation and viewed to be beyond normal expectation of a normal employee. It thus acts as a constructive response as well as judgement made on the contribution of an individual, not only related to performance but as well as their dedication and their regular engagement on activities.

The composite mean of 3.28 didn't significantly provide evidence on how recognition rewards as rewards system influenced the work attitudes of employees in the energy sector in Kenya. According to Hussain et al (2019) organizations recognize their employees to make them passionate about their jobs and lift high their self-esteem. Employees who are recognized feel motivated and improve their performances as they become intent towards a certain behaviour. The overall productivity of the organization is increased due to employee morale from recognition by the organization. Employee recognition is viewed as a tool for motivation meant to increases the

energies of employees as they strive to achieve the goals of the organisation (Danish & Usman, 2010). Nyakundi et al (2012) further opined that employee recognition aims at making the employee understand that their work is of value to the organisation and they are highly appreciated thus, they need to have the feeling of belongingness, loyal and wanted by the organisation. According to a study in Malaysia by Boon (2006) recognition rewards motivate people, and those factors of reward which include equity; equitable pay and reward for good performance have an impact on worker dedication to organization.

4.4.2. Monetary Rewards and Employee attitudes

The second specific objective was to determine the influence of monetary rewards on employee's attitude in the energy sector in Kenya. The statistics of their responses is captured in Table 4.6 below.

TABLE 4.6: Monetary Rewards and Employee attitudes

	SD	D	N	A	SA	Mean	Std. Dev
Salary motivates me towards putting more effort in my job	35 12.5%	58 20.6%	42 14.9%	87 31%	59 21%	3.27	1.336
My basic pay is the reason why I like my job.	61 21.7%	10 3.6%	37 13.2%	74 26.3%	99 35.2%	3.50	1.529
Monetary rewards are the major influence of the positive attitude at the workplace.	9 3.2%	21 7.5%	42 14.9%	88 31.3%	121 43.1%	4.02	1.081
Whenever an employee is promoted, it has influenced others to work hard at the workplace.	27 9.6%	27 9.6%	43 15.3%	101 35.9%	83 29.5%	3.66	1.270
Employees are always awarded with Monetary Rewards	88 31.3%	21 7.5%	42 14.9%	113 40.2%	17 6%	2.82	1.395
Monetary rewards increase employee's loyalty towards the organization	74 26.3%	17 6%	27 9.6%	116 41.3%	47 16.7%	3.16	1.475
Monetary rewards increase employee's job satisfaction	54 19.2%	40 14.2%	15 5.3%	129 45.9%	43 15.3%	3.24	1.390
Overtime pay is rewarded to an employee whenever he/she exceeds the ordinary working hours	75 26.7%	34 12.1%	15 5.3%	103 36.7%	54 19.2%	3.10	1.524
Composite Mean						3.35	

Source: Researcher (2022)

From table 4.6 above the study found some slight significance evidence to suggest that employees are motivated by their salaries to put more efforts in their jobs. The mean of 3.57 supported that where 146 (52%) are in support of the statement while 93 (33.1%) disagree with the statement with only 42 (14.9%) neither agreeing or disagreeing. The study also found that basic pay was the reason behind employees liking their job as supported by 173 (61.5%) of the majority

confirming that while 70 (25.3%) and further supported by a mean of 3.90. Similarly, Chinyio et al (2018) found job salary and other monetary rewards are the major attraction of jobs.

Monetary rewards were found to be the major influence of positive attitude at the workplace as evident by the mean of 4.02 where a majority of 209 (74.4%) agree. Chinyio et al (2018) found that monetary rewards such as gratuity, allowance, salary and pension influenced motivation, job attraction, and job satisfaction. Herzberg's two-factor theory mentioned in (Armstrong, 2009) opines that the positive factors are necessary to hold "hygiene" or make sure that personnel are satisfied. Berger and Berger (2015) argue that employees in an organization prefer monetary rewards for the successful accomplishment of tasks which is contrary to Buchbinder and Shanks (2017) that monetary rewards have limited motivation. Kube, Marechal and Puppe (2006) further affirm that the effectiveness of monetary rewards is meant for a short term. Pinke (2011) emphasizes that performing employees should be incentivized by monetary rewards as they are the easiest way and the best way to achieve effectiveness and efficiency of the employees.

The study also found significant evidence that promotion of an employee has an influence on other employees to work hard at the workplace. The mean of 3.66 and a majority response of 184 (65.4%) supports the statistical evidence. The study also found that employees are rewarded with overtime pay whenever they exceed normal working hours as supported by a mean 3.70 where a majority of respondents 157 (55.9%) confirm that.

The loyalty of the employees towards the organization was found to be increased through monetary rewards as suggested by the statistical evidence of a mean of 3.86 where a majority 163 (58%) respondents supported that. However, the study didn't provide significant statistical evidence that employees are always awarded with monetary rewards where a majority 130 (46.2%) agree while 101 (38.8%) are in disagreement. Monetary rewards are a good anchor for attracting

employees who are competent as well as retain them for long in the organization though it isn't the only stimulus for retention and attraction of quality employees as opined by Al-Belushi and Khan (2017).

Monetary rewards were found to affect employee's job satisfaction with a mean of 3.84 where a majority of the respondents 172 (61.2%) affirming that. Munir et al (2016) found a supportive relationship between monetary rewards and job performance. Employees who receive payment a security had increased job performance and a fostered relationship with fellow employees in the organization. Since monetary rewards are essential in satisfaction of basic needs of the individual, from Maslow's theory when the needs are satisfied the individual strives to the next. Zaman et al (2011) postulate of a good relationship between worker's motivation and monetary rewards leading to increased performance though the employer ought to realistic on the monetary rewards.

Generally, with a composite mean of 3.35 the study didn't have significance evidence to show the influence of Monetary rewards on employee work attitudes in the energy sector in Kenya. Danish and Usman (2010) opine that monetary rewards affect the outcome attractiveness while the likelihood of achieving the desired outcome is affected by the efforts. The desire is the motivation an individual that yields as a result of increase in monetary rewards. Zaman et al (2011) further add that there is a link between the work attitudes of an employee and outcome of an individual performance wise. Monetary rewards which extrinsic are meant to ensure hygiene factors re fulfilled and an individual does think of leaving the organization. Perry et al (2006) opine that monetary rewards aren't effective especially in the public sector.

4.4.3. Skill-based pay and Employee attitudes

The third specific objective of the study was to assess the influence of skill-based pay on employee's attitudes in the energy sector. The respondents were asked their opinions in relation to skill-based pay and the statistics is shown in Table 4.7 below.

TABLE 4.7: Skill-based pay and Employee attitudes

	SD	D	N	A	SA	Mean	Std. Dev
The rate of pay is attached to the skill unit and thus determines the earning.	61 21.7%	10 3.6%	37 13.2%	74 26.3%	99 35.2%	3.50	1.523
The organization conducts skill assessment when acquiring new employees to determine their rewards.	21 7.5%	9 3.2%	42 14.9%	88 31.3%	121 43.1%	4.04	1.086
The organization provide cross training to equip the employs with skills needed for the organizations.	43 15.3%	27 9.6%	27 9.6%	101 35.9%	83 29.5%	3.76	1.560
An employee is rewarded based on the skills in the tasks given not on positions.	88 31.3%	42 14.9%	21 7.5%	113 40.2%	17 6%	2.92	1.385
Skill based pay provides greater opportunities to become a more valuable employee.	78 27.8%	24 8.5%	31 11%	96 34.2%	52 18.5%	3.07	1.520
Skill based pay offers a wider range of job without a change in rank thus offering the employee with multiple skills.	10 3.6%	61 21.7%	37 13.2%	99 35.2%	74 26.3%	3.49	1.286
An employee with high knowledge, skills and competencies in tasks is rewarded for that.	121 43.1%	21 7.5%	42 14.9%	88 31.3%	9 3.2%	4.05	1.053
An employee is rewarded for a new certification of knowledge or skills	27 9.6%	101 35.9%	43 15.3%	83 29.5%	27 9.6%	3.78	1.206
Composite Mean						3.37	

Source: Researcher (2022)

From table 4.7 above the study didn't provide significance statistical evidence to suggest that the rate pay is attached to skill unit to determine the earning as it was supported by 135 (48%) while 109 (38.8%) disagreeing on that. This is supported by a mean of 3.30. The study found also that skill assessment is conducted during recruitment of new employees in order to determine their rewards. The mean of 4.02 and further supported by 209 (74.4%) of the majority of the respondents.

The organization also provides cross training in order to equip the employees with the relevant skills needed for the organization as supported by a mean of 3.76 and a majority of respondents 184 (65.4%). The Institute of Employment Studies (2013) explains that employees are cross trained and assessed on what skills they can effectively performed where the skills are organized hierarchically with break points that are clearly defined. Employee acquires knowledge through learning especially those with the mindset and curiosity to learn. The competencies and abilities of the employee will eventually increase through learning which in turn help to improve on the productivity and performance. Through training and coaching there is skill growth, and the level of the skill has an effect on the productivity of the employee and consequently the productivity of the employee will affect the effectiveness of the organization (Ledford, Heneman, & Salimäki, 2018).

However, the study didn't provide any significance evidence to suggest that rewards of employees is based on the skills for the task but not their positions as supported by a mean of 2.92 where 130 (46.2%) respondents agreed and 130 (46.2%) were in disagreement. Ledford et al (2018) skill-based pay systems are based the characteristics of an individual rather than the job they do, thus in job-based systems employees are entitled to receive pay though they are not proficient in their position. There was no significance statistical evidence that greater opportunities

are provided by skill-based pay for an employee to be more valuable as evident by a mean of 3.07 where 130 (46.3%) disagreed while 120 (42.7%) agreed.

The study found that skill-based pay offers wide range of job to offer multiple skills without a change of rank as shown by a mean of 3.59 where 174 (61.5%) supported the argument. Al-Waqfi (2014) Skill based pay redefines the role of employee from being a specialist in one area to being able to assume variable roles in an organization. Employees are expected to develop a broader role orientation which also means a change in relationship between the employer and employee and consequently then affects the behaviors and attitude of the employee and so in the organizational commitment. Involvement of employees in operations and multiple functions as well as acquiring new skills and a higher pay leads to more commitment and loyalty to the organization.

The study did not find any significance evidence that employees who have high skills, knowledge and competencies in given tasks are rewarded for that. This is shown by the mean of 3.05 where a majority of the respondents 142 (50.6%) supported the disagreement while only 97 (34.4%) were in support. According to the Institute of Employment Studies (2013) employees are awarded an extra pay should they demonstrate their abilities to perform the set of skills. Al-Waqfi (2014) argues that employee involvement in multiple functions and acquiring of new skills and higher pay ensures loyalty and appreciation.

The study didn't find significance statistical evidence that a new certification of knowledge or skills is rewarded for as 110 (39.1%) supported the argument against 128 (45.5%) who of contrary opinion. Gachuru and Kwasira (2016) argue that employees in skill based pay systems receive additional pay after they demonstrate competencies, knowledge, and skills. Organizations need to be flexible and equipped with highly trained as well as multi skilled employees that are

rewarded against their value to the organization and the skills are upgraded targeting lifelong learning (Reilly, 2013).

The composite mean of 3.37 did not provide significance statistical evidence to explain how skill based pay as a reward system influence the work attitudes of employees in the energy sector in Kenya. However, studies (Hayati & Caniago, 2012; Rast & Tourani, 2012) have shown that non-financial rewards such as skill based pay to have positive relationship with job satisfaction. Skill based pay systems are based the characteristics of an individual rather than the job they do, thus in job based systems employees are entitled to receive pay though they are not proficient in their position. Competency based system are efforts made by organizations to build competencies that will help them meet the needs of the organization. However, different plans emphasize on depth, breath or both and they normally go beyond the technical orientation skills of the career ladder i.e. a dual career based on the technical capabilities and meeting the customer's needs (Ledford, Heneman, & Salimäki, 2018).

4.4.4. Employee Empowerment and Employee attitudes

The fourth specific objective of the study was to establish whether employee empowerment affect employee's attitudes in the energy sector in Kenya. The responses from the study was captured in the statistics shown in Table 4.8 below.

TABLE 4.8: Employee Empowerment and Employee attitudes

	SD	D	N	A	SA	Mean	Std. Dev
The organization places appropriate methods to raise the level of learning for its employees.	42 14.9%	113 40.2%	21 7.5%	88 31.3%	17 6%	2.91	1.284
An employee can be sent for internal or external training courses as a rewards of efforts at work	68 24.2%	6 2.1%	39 13.9%	150 53.4%	18 6.4%	3.17	1.327
The organization allows career opportunities and development for employees.	65 23.1%	26 9.3%	18 6.4%	119 42.3%	53 18.9%	3.25	1.463
An employee is awarded fully paid vocation as a way of compensating his/her efforts.	61 21.7%	74 26.3%	10 3.6%	99 35.2%	37 13.2%	3.23	1.258
The organization ensures appropriate social security and health insurance for employees	9 3.2%	21 7.5%	42 14.9%	121 43.1%	88 31.3%	4.00	1.180
The organization has planned for learning programs for further studies for those employees who are seen to exemplary	27 9.6%	83 29.5%	27 9.6%	101 35.9%	43 15.3%	3.71	1.064
Study leave is granted to an employee as a way to empower him/her.	88 31.3%	42 14.9%	17 6%	113 40.2%	21 7.5%	2.95	1.245
The organization is very supportive to any employees who wants to develop his/her career.	27 9.6%	83 29.5%	27 9.6%	101 35.9%	43 15.3%	3.76	1.205
Composite Mean						3.61	

Source: Researcher (2022)

The study didn't find any significance statistical evidence that there are appropriate methods for raising learning levels of the employees in the organization. The mean of 2.91 supported that where 165 (55.1%) were contrary to the statement while only 106 (31.9) were in support of the argument. According to Karim and Rehman (2012) employee empowerment is

about sharing knowledge, improve the autonomy of decision making and increase the intellectual integrity.

The study found that external or internal trainings can be away of rewarding the efforts made by an employee as seen by a mean of 3.77 and supported by a majority of 168 (60%). The organization was found to allow career opportunities and development for employees as supported by the mean of 3.85 and a majority of respondents 172 (61.2%). Moyerson and Dwettink (2012) posit that employee empowerment is an important contributor of organization success and is directly related to employee performance, job satisfaction and job satisfaction. Asfaw et al (2015) describe training as is imparting a specific skill to do a particular job while development deals with general enhancement and growth of individual skill and abilities through conscious and unconscious learning. Armstrong (2009) argues that organizations should take advantage of training and development to win over the minds and hearts of employees to give them identity of their organization and bring a sense of belongingness and commitment to the organization.

There was no significance statistical evidence of a fully paid vacation as a way of rewarding an employee as shown by the mean of 3.23 and majority of 135 (48%) who disagreed against 137 (48.4%) who agreed. Majority of the respondents 209 (74.4%) however, agreed that the organization has appropriate measures for health insurance and social security as supported by a mean of 4.00.

The study found that there are planned learning programs for further studies for exemplary employees as shown by the mean of 3.71 and a majority of 144 (51.2%). Further, the organization grants study leave to employee to empower them, this is evident from the mean of 3.65 and majority support of 144 (50.3%) respondents. To add on that, the study found the organization to

supportive to employees who want to further their careers as evident by the mean of 3.76 and a support of 154 (51.2%) of the respondents.

With a composite mean of 3.61, the study provides some significance statistical evidence to suggest that Empowerment rewards as Rewards system to some extent influence the work attitudes of employees in the energy sector in Kenya. Karim and Rehman (2012) opine that organizations with high level of empowerment develop long time strength for dealing with challenges and long-time survival. Thus, employee empowerment is fundamental for growth of an organization and attain high productivity. Training is viewed as a management commitment towards assuring employees that they are valued in the organization, and in so doing they acquire and develop skills needed for them to experience and flexibility on the jobs they do. Training is essential in development of desired knowledge, abilities, and skills needed by the employees to motivate them, increase their commitment and improve on their job performance. (Asfaw, Argaw, & Bayissa, 2015).

4.5. Diagnostic Tests

Diagnostic tests were done to check for violation of assumptions that a critical to ensure correct data and reliable results. This study tested normality, heteroscedasticity, and multicollinearity.

4.5.1. Mutlicollinearity

Multicollinearity occurs when the independent variables in multiple regression models are not independent from each other. It implies that there is an exact linear relationship in the population between the means of the response variable and the values of the explanatory variables (Silverman, 2016). Multicollinearity in this research was determined using the Variance Inflation Factor (VIF) which identifies if there exists correlation between the independent variables and establishes the

strength of those correlations. The VIF of between 1 and 10 indicates that there is no multicollinearity between the independent variables and the value of VIF above 10 and below 1 is an indication that there exist some multicollinearity issues (Sekaran, 2013). From Table 4.10 below all the VIF for Rewards System (Recognition rewards, Monetary rewards, Skill based pay, and Employee empowerment) (4.080, 2.147, 3.117, and 4.755) respectively are below 10 while the Tolerance (.245, .466, .321, and .210) are above the threshold of 0.1. Thus, our data doesn't show any evidence of multicollinearity. Table 4.9 below shows the findings.

TABLE 4.9: Multicollinearity

Model (Variables)	Collinearity Statistics	
	Tolerance	VIF
Recognition Rewards	.245	4.080
Monetary Rewards	.466	2.147
Skill Based Pay	.321	3.117
Employee Empowerment	.210	4.755

a. Dependent Variable: Employee Attitudes

4.5.2. Normality Test

In the study normality test statistics will use the Kolmogorov-Smirnov test and otherwise Shapiro-Wilks test. If the P-Value is > 0.05 then this implies that residual is asymptotically normal or the opposite is true (Bhattacharjee, 2012). The hypothesis of normality is that the data for our study is normally distributed. The test reject the hypothesis of normality when given the p-value for the data is \leq the significance threshold of 0.05 (Shapiro & Wilk, 1965). Table 4.10 below shows all the p-values to be greater than 0.05 and this implies the data is normally distributed. We fail to reject the null hypothesis. Thus, in terms of Shapiro-Wilk test we can assume our data to be

normally distributed as the p-values are greater than 0.05. However, the data is subjected to further test to check the skewness and kurtosis to affirm our data normality

TABLE 4.10: Test of Normality

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Recognition Rewards	.076	281	.210	.988	281	.456
Monetary Rewards	.084	281	.210	.984	281	.459
Skill-based Ray	.093	281	.210	.982	281	.257
Employee Empowerment	.092	281	.210	.979	281	.345
Employee Attitudes	.085	281	.210	.980	281	.067

a. Lilliefors Significance Correction

Source: Researcher (2022)

For data to be normally distributed, the skewness and kurtosis show be ± 1.96 (Razali & Wah, 2011; Shapiro & Wilk, 1965). from the Table 4.11 below on skewness and kurtosis of data show that skewness Z-values range between -1.565 to 1.310 which are below threshold of ± 1.96 ; as for the Kurtosis the Z-values -1.875 to 1.389 which is below the threshold of ± 1.96 . thus regarding skewness and kurtosis our data are a little skewed and kurtotic but do not differ significantly from normality. Thus we can assume our data to be normally distributed. Table 4.11 below show the normality results.

TABLE 4.11: Test of Normality

		Statistic	Std. Error	Z
Recognition	Mean	23.4875	.20193	
	Skewness	.019	.145	1.310
	Kurtosis	-.408	.290	-1.407
Monetary	Mean	27.6085	.21805	
	Skewness	-.107	.145	-.737
	Kurtosis	-.544	.290	-1.875
Skill-based	Mean	27.6975	.22517	
	Skewness	.096	.145	.662
	Kurtosis	-.400	.290	-1.379
Empowerment	Mean	27.2740	.23126	
	Skewness	-.138	.145	-.951
	Kurtosis	-.495	.290	-.706
Attitudes	Mean	23.3843	.25386	
	Skewness	-.227	.145	-1.565
	Kurtosis	.403	.290	1.389

Source: Researcher (2022)

4.5.3. Heteroscedasticity Test

To detect the heteroscedasticity problems, the study will use the Breusch-Pagan or Koenker test. The test checks for homoscedasticity in the data i.e. equal variance distribution of the residual data. Heteroscedasticity occurs when there is no equal variance distribution of the residual data. This test uses the following null and alternative hypothesis.

H₀: There is homoscedasticity present in the data.

H_a: Heteroscedasticity is present in the data.

If the P-value is significant at 95% i.e. less than 0.05 confidence interval, the data has heteroscedasticity problem, whereas if the p-value is insignificant (greater than 0.05), the data has no heteroscedasticity problem. Thus, the null hypothesis is rejected when the P-value < 0.05 and conclude that heteroscedasticity is present in the regression model. Otherwise, we fail to reject the

null hypothesis and assume the presence of homoscedasticity in the regression model. Findings from Table 4.12 below shows that the P-value for Breusch-Pagan (0.0137) and Koenker (0.0140) are less than the significance 0.05 thus, the null hypothesis is rejected and conclude that there is no heteroscedasticity in the regression model.

TABLE 4.12: Heteroscedasticity Test

	Chi-Square	Df	Sig	Remarks
Breusch-Pagan Test	12.549	4	.0137	H0: Homoscedasticity
Koenker Test	12.503	4	.0140	H0: Homoscedasticity

Source: Researcher (2022)

4.5.4. Correlation Analysis

Correlation analysis was conducted to establish the existence of any relationship between the Dependent Variable and Independent Variables. Pearson's product method at 0.05 significance level was used to perform the correlation analysis. Correlation analysis provides a means of understanding the magnitude and direction of the existing relationship and provides a way of establishing whether there exists a linear relationship among the variables being examined. Generally, for scale measures, the Pearson Correlation coefficient is used to measure the relationships between the variables. The correlation coefficient varies between -1 and +1 with values close to -1 or +1 indicating a strong relationship while values close to 0 in either case are indicative of a weak relationship. Furthermore, although correlations are important, they do not infer cause and effect relationship. If a significant relationship exists between the dependent variable and the independent variables, then it is viable to estimate the study model. The table below shows the results of the analysis.

TABLE 4.13: Correlation Matrix

		Correlations				
		EA	RR	MR	SBP	EE
Employee Attitudes (EA)	Pearson Correlation	1	.567**	.382**	.586**	.821**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	281	281	281	281	281
Recognition Rewards (RR)	Pearson Correlation	.567**	1	.166**	.355**	.382**
	Sig. (2-tailed)	.000		.005	.000	.000
	N	281	281	281	281	281
Monetary Rewards (MR)	Pearson Correlation	.382**	.166**	1	.087	.127*
	Sig. (2-tailed)	.000	.005		.148	.034
	N	281	281	281	281	281
Skill-based pay (SBP)	Pearson Correlation	.586**	.355**	.087	1	.373**
	Sig. (2-tailed)	.000	.000	.148		.000
	N	281	281	281	281	281
Employee Empowerment (EE)	Pearson Correlation	.821**	.382**	.127*	.373**	1
	Sig. (2-tailed)	.000	.000	.034	.000	
	N	281	281	281	281	281

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

From Table 4.13 above the study found a strong positive correlation between recognition rewards and employee attitudes. The Pearson correlation coefficient 0.567 depicts a strong positive and a direct relationship with employee attitudes. Further the P-value (0.000) which is below the significant value of 0.05 further affirms a significant relationship between Recognition rewards and employee attitudes. Thus, an increment in Recognition rewards will lead to positive increase in employee attitude.

Monetary Rewards has a positive weak correlation with employee attitudes. The Pearson correlation of 0.382 shows the weak association as 0.382 nears 0. However, the p-value (0.00)

which is below the threshold of 0.05 indicates the significance of the association. The association is positive to indicate a direct relationship i.e. an increase by a unit on any of the variable will lead to an increase in the other. Thus, Monetary rewards though it significant correlation with the employee's attitude, the association doesn't have a strong magnitude. In other words, it's not about monetary rewards that makes a strong association but rather some other unknown factors though monetary rewards are significant to change of attitudes.

Skill based pay was found to have a positive strong correlation with employee's attitude with a Pearson correlation coefficient of 0.586 while the p-value (0.00) which is less than the threshold of 0.05 indicating the significance of the association. The positive Pearson correlation coefficient depicts a direct relationship where an increase one of the variable will lead to an increment on the other. Thus, skill based pay is strongly associated with employee's attitude in the energy sector in Kenya. Skill based pay as a reward can lead to a variation of employee's attitude in the energy sector in Kenya.

Employee empowerment has a strong significance correlation with employee's attitude with Pearson correlation coefficient of 0.821 and a p-value (0.00) indicating the significance of the association. The positive Pearson coefficient further indicates a direct association where a change in one leads to a change in the other. Thus, employee empowerment as a reward will can influence the change of employee's attitude in the energy sector in Kenya.

4.6. Model Fitting

Analysis was done on the study data to determine how the study model will be fitted.

4.6.1. Analysis of Variance

The studied conducted analysis of variance (ANOVA) to determine significance, fitness and robustness of the model. ANOVA is used to determine whether the means for the independent variables are equal. The hypothesis is in this:

H_0 : all group means are the equal.

H_a : at least one group mean is different from the rest.

From Table 4.14 below, $F(4, 276) = 84.316$, P-value ($0.000 < 0.05$). Further the F Statistic (4, 276) = 84.316 is greater than F Critical (4, 276) = 2.404 thus, we reject the null hypothesis. There is a statistically significant difference between the means of the groups or variation of means. At least one of predictor variables in: Recognition Rewards, Monetary Rewards, Skill-based pay, and Employee empowerment is significant and fit to explain change of employee attitudes in the energy sector in Kenya. Table 4.14 presents the finding.

TABLE 4.14: ANOVA Results

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	45.509	4	11.377	84.316	.000 ^b
	Residual	37.242	276	.135		
	Total	82.751	280			

a. Dependent Variable: Attitudes

b. Predictors: (Constant), Empowerment, Skill-based, Monetary, Recognition

4.6.2. Regression Analysis

The study carried out a multiple regression analysis to determine the nature of relationship of the model by predicting the dependent in terms of the independent variables using the following linear regression model. The following multiple regression model was used to come up with the results in Table 4.16.

$$y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon \dots \dots \dots (ii)$$

Where; Y= Employee Work attitudes (EWA)

β_0 = Constant

$\beta_1, \beta_2, \beta_3$ and β_4 are coefficients of determinants.

X_1 = Recognition Rewards (RR)

X_2 = Monetary Rewards (MR)

X_3 = Skill based Pay (SBP)

X_4 = Employee Empowerment Rewards (EER)

Table 4.15 below shows the value for the coefficients.

TABLE 4:15: Regression Results

Model	Coefficients ^a				t	Sig.
	Unstandardized Coefficients		Standardized Coefficients	Beta		
	B	Std. Error	Beta			
(Constant)	.610	.169			3.606	.000
1 Recognition	1.113	.119	1.006		12.329	.000
Monetary	.263	.067	.232		3.929	.017
Skill-based	.564	.084	.589		6.693	.000
Empowerment	.884	.106	.805		8.339	.026

a. Dependent Variable: Attitudes

Findings from regression show that the constant for model .610, the beta coefficient for Recognition rewards 1.113, p-value .000; Monetary rewards beta coefficient .263, P-value 0.17; Skill based pay beta coefficient .564, p-value 0.00; and Empowerment rewards beta coefficient .884 P-value 0.026. All the beta coefficients for the independent variables were significant i.e. the p-values were less than the significant value 0.05. Thus, individual variables (Recognition rewards,

Monetary rewards, Skill based pay. and Empowerment rewards) were significant in explaining the influence of rewards systems on the attitudes of employee in the energy sector in Kenya.

Thus, the new model will be fitted as follows:

$$y = 0.610 + 1.113X1 + 0.263X2 + 0.564X3 + 0.884X4 + \varepsilon \dots \dots \dots (iii)$$

$$EWA = 0.610 + 1.113RR + 0.263 MR + 0.564 SBP + 0.884 EER \dots \dots \dots (iv)$$

4.6.3. Model Summary

The model summary shows how the rate of independent variables explains the change in dependent variable. The r is used to measure the correlation of the dependent variable (Employee Work attitudes) in term of the independent variables (Recognition Rewards, Monetary Rewards, Skill-based pay, and Employee empowerment). Findings from the model summary indicate that the coefficient of determination (r) was 0.742 predictions from the regression model. R² is the coefficient for determination which measures the strength of the correlation between the Employee Work Attitudes and Rewards systems in the energy sector. From the analysis R² is 0.550 or 55% which implies that Rewards systems (Recognition Rewards, Monetary Rewards, Skill-based pay, and Employee empowerment) explains 55% of variations in Employee Work Attitudes in the energy sector in Kenya. Thus, in this study the 45% variability in Employee Work attitudes is contributed by other factors that are not included in this study. The results are shown in Table 4.16 below.

TABLE 4.16: Model Summary

Model Summary^b										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Change	F Change	df1	df2	Sig. F Change	
1	.742 ^a	.550	.543	.36734	.550	84.316	4	276	.000	1.056

a. Predictors: (Constant), Empowerment, Monetary, Skill-based pay, Recognition

b. Dependent Variable: Attitude

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1. Introduction

This chapter provides a summary of the key findings, conclusions, recommendations of the study.

5.2. Summary of Findings

The main objective of the study was to examine how rewards system affects the employee work attitudes in the energy sector in Kenya. The specific objectives that guided the study included to: establish the effect of recognition rewards on the employee work attitudes in the energy sector in Kenya; determine the influence of monetary rewards on employee work attitudes in the energy sector in Kenya; determine the effect of skill based pay on employee work attitudes in the energy sector in Kenya; and establish the effect of empowerment rewards on employee work attitudes in the energy sector in Kenya. The findings of the study are summarized as shown below:

5.2.1. Reward systems and Employee Work attitudes

The main objective of the study was to examine the effect of rewards systems on employee work attitudes in the energy sector in Kenya. The descriptive statistics did not provide significance evidence to explain the status of Work attitudes of employees in relation to rewards systems as supported by the low composite mean. Rewards didn't make the employees feel satisfied with their jobs. The study neither showed how efficient rewards lowered the turnover nor influenced high work performance. A good reward system has led to reduction of disciplinary issue in the energy sector in Kenya. However, the study did not ascertain how job satisfaction has influenced the rate of absenteeism. The study found a positive influence of rewards on the attitudes of employees

towards their jobs. Finally, rewards were found to lead to commitment and loyalty to the organization.

The inferential analysis showed from the ANOVA that rewards system i.e. Recognition rewards, Monetary rewards, Skill based pay, and Empowerment rewards as a model is fit to explain the variation in employee work attitudes. The regression analysis further showed that all the variable under employment rewards i.e. Recognition rewards, Monetary rewards, Skill based pay, and Empowerment rewards had significant relationship with employee work attitudes. From the model fitting rewards system i.e. Recognition rewards, Monetary rewards, Skill based pay, and Empowerment rewards explain 55% of variation in employee work attitudes in the energy sector in Kenya.

5.2.2. Recognition Rewards and Employee attitudes

The first specific objective of the study was to establish the effect of recognition rewards on the employee work attitudes in the energy sector in Kenya. The descriptive statistics found that that was no evidence to show whether exemplary employees in the energy are rewarded. The energy sector was found to reward employees in given categories such as the employee of the month or department. Further, the study also found that the energy sector has plans for rewarding performing employee as captured in the calendar of activities. Recommendation letters were also given to employees who were exemplary and extra ordinary to the organizations in the energy sector. However, the frequency of the recognition rewards done at the energy sector is not clear. The employees at the energy sector felt motivated whenever they received the recognition rewards from the organization. Finally, it wasn't clear whether employees were provided with certificates for their productive roles in the energy sector.

The inferential analysis showed a strong positive and significance correlation between recognition rewards and employee work attitudes. The magnitude of the association was direct and strong. Thus, an increment in Recognition rewards will lead to positive increase in employee attitude. The regression coefficients were also found to be positive and significance thus, recognition rewards to some extent influence the employee work attitudes in the energy sector in Kenya.

5.2.3. Monetary Rewards and Employee attitudes

The second specific objective of the study was to determine the influence of monetary rewards on employee work attitudes in the energy sector in Kenya. The descriptive statistics didn't provide significance evidence to explain the influence of Monetary rewards on employee work attitudes in the energy sector in Kenya. Salary was found to motivate employees to put more efforts in their jobs. The study also found that employees liked their jobs because of basic pay. Monetary reward is a major influencer of positive attitude at the workplace. The study found that promotion of employees influences other employees to work hard at the workplace. The study also found that overtime pay was rewarded employees whenever they exceed normal working hours. The loyalty of the employees towards the organization was found to be increased through monetary rewards. Monetary rewards were found to affect employee's job satisfaction.

As for inferential statistics, the study found a positive weak correlation between Monetary Rewards and employee work attitudes. Further the association is positive to indicating a direct relationship where an increase by a unit on any of the variable will lead to an increase in the other. The regression results also showed that monetary rewards to significantly influence employee work attitudes to some extent.

5.2.4. Skill-based pay and Employee attitudes

The third specific objective was to determine the effect of skill based pay on employee work attitudes in the energy sector in Kenya. The descriptive statistics did not provide significance statistical evidence to explain how skill based pay as a reward system influence the work attitudes of employees in the energy sector in Kenya. No significance statistical evidence was found to suggest that the rate pay is attached to skill unit to determine the earning. There is a skill assessment that is conducted during recruitment of new employees in order to determine their rewards. The organization also provides cross training in order to equip the employees with the relevant skills needed for the organization. No significance evidence was found to suggest that rewards of employees is based on the skills for the task but not their positions. No significance statistical evidence was found that greater opportunities are provided by skill based pay for an employee to be more valuable. Skill based pay was found to offers wide range of job to offer multiple skills without a change of rank. No significance evidence was found that employees who have high skills, knowledge and competencies in given tasks are rewarded for that. No significance statistical evidence suggested that a new certification of knowledge or skills is rewarded for.

The inferential statistics showed that skill based pay was found to have a positive strong correlation with employee's work attitude. The positive Pearson correlation coefficient depicts a direct relationship where an increase one of the variable will lead to an increment on the other. The regression results further provided a significant association between skill based pay and employee work attitudes. Thus, skill based pay is strongly associated with employee's attitude in the energy sector in Kenya. Skill based pay as a reward can lead to a variation of employee's attitude in the energy sector in Kenya

5.2.5. Employee Empowerment and Employee attitudes

The fourth and final specific objective of the study was to establish the effect of empowerment rewards on employee work attitudes in the energy sector in Kenya. The descriptive statistics of the study provided some significance statistical evidence to suggest that Empowerment rewards as Rewards system to some extent influence the work attitudes of employees in the energy sector in Kenya. No significance evidence of appropriate methods to raise the level of learning was found. External or internal trainings can be away of rewarding the efforts made by an employee. The organization was found to allow career opportunities and development for employees. No significance statistical evidence was found in the study for a fully paid vacation as a way of rewarding an employee. The energy sector has appropriate measures for health insurance and social security. The study found planned learning programs for further studies for exemplary employees. Further, the organization grants study leave to employee to empower them. Finally, the organization is supportive to employees who want to further their careers.

As for inferential analysis, the correlation statistics Employee empowerment has a strong significance correlation with employee's attitude. The positive correlation indicates a direct association where a change in one leads to a change in the other. The regression results further showed a significance relationship between empowerment rewards and employee work attitudes. Thus, employee empowerment as a reward can influence the change of employee's work attitude in the energy sector in Kenya.

5.3. Conclusions

The study findings showed that rewards system which entails; recognition rewards, monetary rewards, skill based pay, and empowerment rewards to some extent influence the employee work attitudes in the energy sector in Kenya. All the variable had positive correlation with employee

work attitudes. The ANOVA showed that the variables were fit in explain the variation of employee work attitudes. As for the regression coefficients all the coefficients were positive and further significant to show the presence of influence on the employee work attitudes. The independent variables of recognition rewards, monetary rewards, skill based pay, and empowerment rewards explained a 55% variation of employee work attitudes in the energy sector in Kenya and thus, there other factors related to rewards system beyond this study that are useful in explaining the variation of employee work attitudes in the energy sector.

Recognition rewards as a form of rewards system is significant in positive influence of employee work attitudes. Based on this study exemplary employees need to recognized and rewarded be it formal or informal. The organization should have rewarding plan and be part of the organization calendar of activities and the consistency of the exercise is crucial for the employees. As simple recommendation letters and certificates based on their performance and productive can help motivate the employees and thus to ensure productivity and improve the performance of the organization. In this study, recognition rewards had a significant influence on the employee work attitudes in the energy sector.

Monetary rewards as a reward system was found to some extent to influence employee work attitudes in the energy sector in Kenya. Salary is major motivator of employees' work attitudes as they seek to fulfil their needs based on the Maslow's hierarchy of needs however, it's not the only motivator that can affect the attitudes of employees at the work place. Promotion at the work place and overtime pay should be routine activities that help motivate the employees in relation to monetary rewards. In this study, monetary rewards to some extent influence the employee work attitudes in the energy sector in Kenya.

As Skill based pay as a reward system, public organization should embrace it to help motivate the large number of employees who work hard to gain new skills but their efforts are not recognized. The rate pay should be attached to skill unit to determine the earning. Skill assessment during recruitment should be a mandatory exercise to ensure employees who possess rare and important skills are never underutilized. Further, rewards based on skills used in the tasks given rather than positions will help to bring equity as explained in the equity theory. In this study, skill based pay to some extent influence employee work attitudes in the energy sector in Kenya.

Finally, as for empowerment rewards is about sharing of knowledge and intellectual capabilities to strengthen the employees for the long time survival of the organization. Trainings and career development are very important in the type of reward. The empowerment gives employee the sense of authority and belongingness in their routine activities of the organization. It is a motivation practice that helps increase the performance through involvement and participation in decision making. This study concludes that empowerment rewards significantly affects employee work attitudes in the energy sector in Kenya.'

5.4. Recommendations

The recommendations for this study are based on the objectives of the study and relates to the major findings. The study found that rewards systems to some extent influence employee work attitudes in the energy sector in Kenya. A good reward system is inevitable for any organization that is aspiring of improved productivity and performance. The many theories such as Maslow's hierarchy of needs, equity theory, agency theory, social exchange theory link rewards as output to the efforts of individuals in their jobs. An appropriate, elaborate, consistency and realistic rewards

system give a competitive advantage to organization as it affects positively on the employee work attitudes which in turn boosts performance and productivity.

As for recognition rewards the study found significance influence on employee work attitudes in the energy sector. The study showed that recognition of employees is crucial to motivate them and bring the sense of belongingness, loyalty, commitment, and job satisfaction. This study recommends for the management of the organizations to have elaborate plan for employee recognition from certificates, recommendation letters, trophies and other so that the activities become part of the calendar activities of the organization.

Monetary rewards have significance influence on the employee work attitudes in the energy sector in Kenya. Since the basic salary is the major determinant of employee motivation in many organizations, the management should have a good rewards system and put in mind the equity theory when rewarding employees in the organization to ensure employees feel their efforts are reward and recognized. Employees that are exemplary and extra ordinary they should be assumed but to realize that the organization appreciates their efforts ad isn't in vain.

Skill based pay has a significance influence on the employee work attitudes in the energy sector in Kenya. Organizations should ensure skill assessment is done during recruitment in order to identify the rare skill sets that are possessed by employees and they get rewarded. This will also lead to employees competing to acquire new skills and the end result will be a huge advantage to the organization with a wide range is skills to ensure its productivity.

As for empowerment rewards, the study found significance influence on the employee work attitudes. Training and development should be well planned to ensure skills growth in the organization. Further, the organization should be supportive to its employees as far as

empowerment is concerned to increase their loyalty, commitment and job satisfaction. Empowerment is major contributor of organization success and is directly linked to employee performance, job satisfaction and organization commitment and thus should be highly embraced in the energy sector in Kenya.

5.5. Recommendations for Further Studies

This study contributes to rewards system and employee work attitudes in the energy sector in Kenya. With the extensive literature that has been reviewed related to rewards system with specific on recognition, skill based pay, monetary, and empowerment as rewards systems used in the energy sector in Kenya. The study has found that the specific reward systems under the independent variables only explain 55% variation of employee work attitudes in the energy sector thus, there are other rewards that ought to explain the 45% variation on employee work attitudes in the energy sector. The study used descriptive survey design and targeted energy sector which focused on REREC, KETRACO, GDC, NUPEA, and EPRA. Further studies should also be done in the private sectors or other public organizations to ascertain the findings from this study

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APPENDICES

Appendix I: Letter of Authority

Dear Respondent

RE: LETTER OF TRANSMITTAL OF DATA COLLECTION

I am undertaking research in partial fulfillment for the award of a master's degree at KCA University. The study being undertaken is on "*Effects of Reward Systems on Employees' work attitudes in the Energy sector in Kenya*".

Assurance is given that the information given will be for the above purpose and will be treated in confidence and will only be used for academic purposes.

Attached herewith, please find a questionnaire that requires you to provide information by answering the questions.

Thank you for your co-operation.

Yours faithfully

Sirai K. Nathan

Appendix II: Research Questionnaire

This questionnaire consists of two sections A and B. kindly respond by ticking the appropriate box of choice and by writing your opinion in the space provided whenever needed. Your response will be treated as confidential and only for the purpose of this research. Your assistance and cooperation will be highly appreciated.

Section A: Background information

1. Organization:

Rural Electrification Authority Kenya Electricity Transmission Company

Geothermal Development Company

Kenya Nuclear Electricity Board The Energy Tribunal.

2. Gender:

Male Female

3. Age bracket

20 – 30 years 31 – 40 years 41- 50 years above 50 years

4. Years of service

1-2 years 3 years 4 years 5 years Above 5 years

5. Highest level of education

Primary Secondary Undergraduate Masters Doctorate

Section B:

Using a scale of 1-5 rate the following variables by writing the corresponding number where: 1 represents Strongly Disagree; 2 is Disagree; 3 is Neutral or undecided; 4 is Agree; and 5 is Strongly Agree.

a) Rate how Recognition Rewards influence employees’ attitudes at the energy sector in Kenya.

Recognition Rewards	1	2	3	4	5
The organization rewards an employee who is exemplary					
An employee who has good performance is rewarded as the employee of a given category. I.e. employee of the month, year, department, etc.					
The organization has plan in place to award its performing employees and in the calendar of activities.					
An employee is given recommendation letter whenever the organization feels he/she has been extra ordinary and exemplary					
The recognition is done frequently					
I feel motivated whenever I receive a recognition reward from the organization					
The organization recognizes it employees by awarding them certificates and trophies for their productive role in the organization.					

b) Rate how Monetary Rewards influence employees’ attitudes at the energy sector in Kenya.

Monetary Rewards	1	2	3	4	5
Salary motivates me towards putting more effort in my job					
My basic pay is the reason why I like my job.					
Attractive financial incentive will boost my motivation to work hard					
Employees receive financial benefits regularly					
Financial incentives are the major influence of the positive attitude at the workplace.					
Whenever an employee is promoted, it has influenced others to work hard at the workplace.					
Employees are always awarded with Monetary Rewards					
Monetary rewards increase employee’s loyalty towards the organization					
Monetary rewards increase employee’s job satisfaction					
Overtime pay is rewarded to an employee whenever he/she exceeds the ordinary working hours					

c) **Rate how Skill based pay influences employees' attitudes at the energy sector in Kenya.**

Skill based pay	1	2	3	4	5
The rate of pay is attached to the skill unit and thus determines the earning.					
The organization conducts skill assessment when acquiring new employees to determine their rewards.					
The organization provide cross training to equip the employs with skills needed for the organizations.					
An employee is rewarded based on the skills in the tasks given not on positions.					
Skill based pay provides greater opportunities to become a more valuable employee.					
Skill based pay offers a wider range of job without a change in rank thus offering the employee with multiple skills.					
An employee with high knowledge, skills and competencies in tasks is rewarded for that.					
An employees is rewarded for a new certification of knowledge or skills gained.					

d) **Rate how Empowerment Rewards influence employees' attitudes at the energy sector in Kenya.**

Empowerment Rewards	1	2	3	4	5
The organization places appropriate methods to raise the level of learning for its employees.					
An employees can be sent for internal or external training courses as a compensation of efforts at work					
The organization allows career opportunities and development for employees.					
An employee is awarded fully paid vocation as a way of compensating his/her efforts.					
The organization ensures appropriate social security and health insurance for employees					
The organization has planned for learning programs for further studies for those employees who are seen to exemplary					
Study leave is granted to an employee as a way to empower him/her.					
The organization is very supportive to any employees who wants to develop his/her career.					

e) **Rate the status of employees' attitudes as influenced by Rewards at the energy sector in Kenya.**

Employee Attitudes	1	2	3	4	5
Rewards makes the an employee satisfied with the job he/she does.					
I feel there is low employee turnover due to efficient rewards					
The organization has witnessed increase few disciplinary issues arising from due to a good reward system.					
As an employees I show high work performance because they I am well rewarded for my efforts.					
I have been absent for a few cases from work as I feel satisfied with my job.					
I have a positive attitude towards my jobs as I feel well rewarded for my efforts.					
Due to rewards, I show commitment to the organization and loyalty					

THANK YOU!!!!

Appendix III: Work plan

	2021			2022								
ACTIVITY	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept
Research topic discussion												
Proposal writing and discussion												
Proposal Presentation												
Pilot testing												
Data collection												
Data processing and analysis												
Draft Review												
Thesis Submission												

Appendix IV: Budget

ITEM	COST (Kshs)
1 Proposal Development	
Typing and formatting	8000
Printing	10,000
Spiral Binding	6000
Traveling Expenses	20,000
2 Data collection	
Data collection permit (NACOSTI)	1,000
4 Research assistant fee	60,000
Data analysis	50,000
Report writing	20,000
Formatting & editing final reports	5,000
Hardcover black books Binding	10,000
3 Others	
Miscellaneous expenses	20,000
GRAND TOTAL	210,000